

USAID KOSOVO PRIVATE ENTERPRISE PROGRAM (KPEP)

ANNUAL REPORT YEAR ONE

USAID KOSOVO PRIVATE ENTERPRISE PROGRAM

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LIST OF ACRONYMS

ABA-CEELI	American Bar Association – Central European and Eurasian Law Institute		
ADI	Association Development Index		
AEI	Agency for European Integration		
AKA	Alliance for Kosovo Agribusiness		
AKTA	Association of Kosovo Tourist Agencies		
AUK	American University in Kosovo		
BEE	Business Enabling Environment		
AWPK	Associations of Wood Processors in Kosovo		
B2B	Business To Business		
Biz-CLIR	Business Climate, Legal and Institutional Reform		
BSP	Business Service Providers		
BSS	Business Support Services		
CAGR	Compound Annual Growth Rate		
CCMI	Center for Communications Management Information		
CEFTA	Central European Free Trade Agreement		
CEE	Central and Eastern Europe		
CMT	Cut-Make-Trim		
CMC	Certified Management Consultant		
CoC	Chain of Custody		
CRM	,		
ccTLD	country code Top Level Domain		
CV	Curriculum Vitae		
DAG	Donor Assistance Group		
DCED	Donor Committee for Enterprise Development		
DFID	Department for International Development		
EAR	European Agency for Reconstruction		
EBRD	European Bank for Reconstruction and Development		
ECIKS	Economic Initiative for Kosovo		
EE	Energy Efficiency		
EGAT	Economic Growth and Trade		
EU	European Union		
EULEX	European Union Rule of Law Mission in Kosovo		
EU NACE	European Union - Nomenclature Ãconomiques Communauts Europennes		
EC	European Commission		
EN	European Norm		
EUA	European Confederation of Manufacturers		
ERO	Energy Regulatory Office		
ERP	ERP Enterprise Resource Planning		
FAO	FAO Food and Agriculture Organization		
FDI	Foreign Direct Investment		
FSC	FSC Forest Stewardship Council		
FYROM	FYROM Former Yugoslavia Republic of Macedonia		
GAP	GAP Good Agriculture Practice		
GAP	Gap Analysis Program		

GDA	Global Development Alliance	
GDP	Gross Domestic Product	
GE	Gorenje Elektromotori	
GoK	Government of Kosovo	
GTZ	German Society for Technical Cooperation	
HACCP	Hazard Analysis Critical Control Point	
HR	Human Resources	
IANA	Internet Assigned Numbers Authority	
IATA	International Air Transport Association	
ICANN	Internet Corporation for Assigned Names and Numbers	
ICT	Information and Communication Technology	
ICO	International Civilian Office	
IDC	International Data Corporation	
ISO	International Organization for Standardization	
IPAK	Investment Promotion Agency of Kosovo	
IT	Information Technology	
ITC	International Trade Centre	
IPR	Intellectual Property Rights	
IEP	Internet Exchange Point	
KAA	Kosovo Associate of Architects	
KASP	Kosovo Association of Concrete Producers	
KCBS	Kosovo Cluster Business Support	
KFVA	Kosovo Food and Veterinary Agency	
KOTAS	Kosovo Tourist Association	
KPA	Kosovo Premier Advisor	
KPEP	Kosovo Private Enterprise Program	
KSA	Kosovo Standards Agency	
KEK	Kosovo Energy Corporation	
MAFRD	Ministry of Agriculture, Forestry and Rural Development	
MEA	Middle East and Africa	
MEF	Ministry of Economy and Finance	
MEM	Ministry of Energy and Mining	
MESP MFA	Ministry of Environment and Spatial Planning	
MTC	Ministry of Foreign Affairs Ministry of Transport and Communications	
MTI	Ministry of Trade and Industry	
MIS	Management Information Systems	
MPA	Metal Producers Association	
MoU	Memorandum of Understanding	
NAAC	National Albanian American Council	
NAHETS	National Association of Heavy Equipment Training Schools	
NGO	Non-Governmental Organization	
NRM	Natural Resource Management	
OECD	Organization for Economic Co-Operation Development	
OJT	On-the-Job Training	
PBMS	Performance Based Management System	
PET	Poly Ethylene Therephthalate	
PETCORE	Polyethylene Terephthalate Container Recycling Europe	

PMI	Project Management Institute	
PMP	Project Management Professional	
PMO	Prime Minister's Office	
PMU	Project Management Unit	
PPP	Public-Private Partnership	
PSD	Private Sector Development	
PTK	Post and Telecommunication in Kosovo	
RCAK	Road Construction Association of Kosovo	
RE	Renewable Energy	
RFA	Request for Application	
ROI	Return on Investment	
SAF	Strategic Activities Fund	
SDG	Standards Development Group	
SOE	Socially-Owned Enterprises	
SWOT	Strengths, Weaknesses, Opportunities, Threats	
SIDA	Swedish International Development Agency	
SME	Small and Medium Enterprise	
SMME	Small, Medium, and Micro Enterprise	
STTA	Short-Term Technical Assistance	
TAK	Tax Administration of Kosovo	
TAM/BAS	Turn Around Management / Business Advisory Service	
TBD	To be determined	
TPA	Tons per annum	
TRA	Telecommunications Regulatory Authority	
UBO	UBO Consulting	
UK	United Kingdom	
UN	United Nations	
UNDP	United Nations Development Program	
UNMIK	United Nations Interim Administration Mission in Kosovo	
UNWTO	United Nations World Tourism Organization	
USA	United States of America	
USAID	United States Agency for International Development	
USG	United States Government	
VAT	Valued added tax	
VEC	Vocational Education Center	
VTC	Vocational Training Center	
YES	Youth Employment Service	

EXECUTIVE SUMMARY

In its first year of operations, KPEP has achieved significant positive results in line with its strategy generating economic growth, sales, creating job, expanding local market share, promoting exports and investments. KPEP sector and component specialists work as a cohesive, effective team providing tailored assistance and support to KPEP clients and stakeholders in agriculture, construction, wood processing and forestry, ICT, tourism recycling, fabricated metals and auto parts, and decorative stone.

The data and success stories included in this report highlight KPEP's success.

KPEP client companies saw a \in 13.4 million increase in sales, surpassing the original target of \in 8.0 million. Investment growth has been remarkable as well reaching \in 9.6 million, or three times the target increase of \in 3.2 million. KPEP-assisted companies added 316 full time equivalent (FTE) jobs – against a target of 800. In the context of the world financial crisis and falling GDP growth in Kosovo and the region, these results can be considered highly positive.

In Agriculture, KPEP supported the dairy Bylmeti with a new yoghurt filling line. As a result, Bylmeti hired three additional full time employees, increased the number of milk producers supplying their network by 40, and Bylmeti now produces a new store brand yogurt with sales averaging 6000 per day, propelling it into the number 1 sales spot for ETC. The domestic market share of Kosovo dairy products has increased from 25% to 35%.

180 farmers of the Perdrini Association have benefited from two new pepper seedling planting machines, and from KPEP help with establishing business linkages and finding export markets to regional countries for their peppers, resulting in sales of close to $\{0.5\}$ million. KPEP also helped resolve a potato export issue infringing on CEFTA trade rules, in which Albania imposed unfair customs valuation.

For the first time, Kosovo's non-wood forest products, such as berries, jams, mushrooms, were promoted at the Fancy Food Show in New York. Information and leads were shared with industry stakeholders at a conference on non-wood forest products this summer. KPEP also helped produce a training manual on good collection practices for the collectors.

Kosovo wood processing companies promoted their products at national and regional trade fairs, and have established business linkages with buyers in Western Europe. Sales at the Natyra Fair reached $\[\in \] 230,000$. Attendance at the LIGNA trade show in Germany resulted in investments of $\[\in \] 280,000$.

A promising future for the wood industry of Kosovo comes from KPEP's initiative to support the certification of Kosovo forests by the Forest Stewartship Council (FSC). KPEP helped establish Kosovo Standard Development Group (SDG) to develop the certification standards for Kosovo. The SDG has been formally recognized by FSC.

In the construction sector, business linkages facilitated by KPEP amounted to over €1 million. KPEP organized an industry study tour to Slovenia to educate local road construction companies on best practices, and sent a delegation to the US to visit the National Heavy Equipment Training School association – both activities in furtherance of KPEP's goals to increase capacities in road construction and improve the skills of construction

workers. KPEP has been working with the Ministry of Transportation and Communications on both initiatives, however, progress has been delayed due to the Ministry's lack of focus.

In the ICT sector, KPEP has provided training to the ICT sector on marketing and has supported international certifications. We are also working closely with the very new industry association, STIKK, supporting it to provide value added services to its members, such as organizing trainings, offering B2B events, and industry intelligence.

In tourism, KPEP organized a number of successful high profile events: The first Travel Day Fair in Kosovo, held in Pristina with over 60 exhibitors, generated over €200,000 in sales, and over 40 jobs. KPEP also supported a promotional event in Albania in July, which resulted in almost €90,000, and prompted a spa to complete an investment in its facilities begun a year ago. Over the summer, KPEP is aware of close to 1,000 Albanian visitors being hosted by companies that participated in the promotion in Tirana. In September, KPEP helped organize a street fair in Pejë/Peć, opened by the Minister of Trade, the city Mayor and the U.S. Ambassador. Over 50 vendors presented their offerings. KPEP has developed a tourism blog, accessible from the project website, and is in the process of developing a tourism portal for Kosovo sites.

Progress in recycling was below expectations. One major initiative was the commissioning of an assessment of the feasibility of implementing a PET recycling program in Kosovo.

Progress in metals and auto parts and decorative stones did not meet expectations, as a result of large barriers to entry into these markets and the world financial crisis. KPEP will not pursue these sectors in its second year of operations.

Workforce skills development is another KPEP goal. KPEP implemented a dairy internship, and a business and economics internship this year. KPEP also organized a carpentry job fair for students of the carpentry high school in Pejë/Peć was another successful initiative of KPEP that resulted in jobs and internship opportunities for more than 10 students. KPEP launched an entrepreneur training program in two pilot municipalities.

In the Business Enabling Environment Component, KPEP met its objective of reacting quickly to the legal and regulatory reform needs. On multiple occasions, KPEP reviewed draft laws pending in government, and when there were gaps or inconsistencies with best practice standards, intervened to ensure that the laws were either modified or withdrawn. We also took a broad approach to more general business climate issues through interventions ranging from commercial legal capacity building to general assistance in public private partnership. For example, KPEP provided the first law practice management training to the handful of lawyers who are beginning to practice commercial law.

The BSS component successfully pioneered a twinning process between international and local consultants, thus building local expertise through the exposure to international expertise. KPEP also put a selected group of consultants through a rigorous training program - the Kosovo Premier Advisors program, modules of which will continue to be utilized to build local capacity. BSS also assessed the capacity of local industry associations to identify intervention initiatives. BSS has worked closely with the sectors to support the industry associations in providing value added services to their members.

KPEP's Strategic Activities Fund supported 26 activities, one third in the form of a grant, two thirds as subcontracts. Of the total amount awarded, approximately €450,000, two thirds

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benefited microenterprises. About one third of the funding each went to agriculture and ICT initiatives, about 10% each to wood products and workforce development. Acitivities supported included trade show participation, ICT vendor certifications, a survey of heavy machinery equipment, support of the Peja street fair and others. a

In sum, KPEP's has achieved respectable, tangible results in Year 1, and has set the stage in many target areas for substantial effective engagement in Year 2. This report discusses in detail KPEP's activities and the results achieved.

I.COMPONENT 1: INCREASED COMPETITIVENESS OF KEY SECTORS

A. TRANSFORMATIONAL SECTORS

1. Sector: Agriculture

The overall strategy for the Agriculture Sector is to develop commercial agriculture and penetrate regional markets in the targeted value chains of dairy, vegetables, and non-wood forest products. The poultry sector is being monitored closely to determine whether the lead firm, Koni-Soni, intends to undertake new investments and seek market expansion in the current economy. Small, soft fruit, primarily raspberries share the value chain of non-wood forest products and consequently KPEP is working with processors to increase their sales and cultivation.

During the third quarter of the reporting year, we honed the sector strategy to identify

■ Success Stories ■ Pepper Exports Reach € 0.5 million

As a result of KPEP assistance, the Pedrini Association exported close to € 0.5 million worth of peppers to Macedonia, Albania, Montenegro, Bosnia and Herzegovina, and Serbia. KPEP provided assistance in identifying markets, facilitating contracts, and monitoring production through the engagement of local agronomists.

Bylmeti Dairy Gains Market Share

As a result of the new branding strategy developed by KPEP, Bylmeti's brand Piti is leading sales in yogurt category with sales averaging €6,000 per day. Bylmeti Dairy had launched its own newly formulated product with new packaging in June and the market was swift to respond, resulting in an increase in demand by Bylmeti for 3,000 liters per day which was met by adding 50 additional dairy farms to the raw milk procurement system.

constraints within the value chains that prevent Kosovo from meeting end-market demand. In dairy the issue is improving quality whereas in the vegetable sector the constraint is infrastructure, which is part of the commercialization of agriculture. In the non-wood forest product sector the strategy is to bring lead firms together to improve international market access as a value chain rather than as individual firms.



Picture 1: Piti, new yogurt brand introduced by Bylmeti



Picture 2: First bags of peppers for exports to Macedonia



Pictures 3: Thank you USAID!

1.1. SUB-SECTOR: DAIRY

Sub-sector Strategy: The priority within the Year One sector strategy was modified away from a dairy sector seal of quality program, which had been aimed at increasing consumption and gaining domestic market share. Instead, the strategy calls for targeting raw milk quality and developing selected interventions at processing plants. Previously, it was noted that the dairy sector needs to develop business service providers who can work as consultants with dairy processors, associations, and producers. This has also been incorporated into the strategy by pairing local consultants with international consultants with support from the Business Support Services component and through internships with support from the Workforce Development component.



Objective 1: Improve raw milk quality

Anticipated Results

Conventional statistics indicate that 10% of the suppliers of raw milk cause 90% of the contamination. By embedding milk quality field technicians into dairy processors' our goal is to ensure: milk quality problems can be identified, corrective actions can be taken, the value chain relationship between producers and processors can be strengthened, and the quality of raw milk will be improved.

1	
Activities	Status
Prepare dairy marketing strategy	1. Completed
2. Initiate dairy internship program (University of Pristina)	2. Ongoing
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4th Quarter Progress

The progress in this objective is excellent. The dairy internship program continued through the fourth quarter. The final report which will include KFVA raw milk laboratory comparisons of before and after test results will be completed in the first quarter of year two. The anecdotal feedback suggests that the internship program had a positive impact on milk quality and strengthened the relationship between milk suppliers and processors,

1st Year Results

Through the internship program 120 dairy farmers were trained to produce high quality raw milk, resulting in lower bacteria and somatic cell counts. In year one, the internship program placed twelve students within six dairy farms. The evaluation of the dairy internship program will be completed and available in the first quarter of year two. The internship consists of a hands-on two weeks training provided by a regional raw milk quality consultant. Working on the farms, the students were able to conduct an overall inspection of the farm to identify sources of possible contamination, evaluate the cleanliness of equipment and cows as well as the milking process, evaluate milk for somatic cell counts, and evaluate the cooling of milk. Results are impressive, for example, Njazi Reqica with 11 cows reduced his somatic cell count by more than 100,000 and his bacteria count by more than 1 million. Hasan Hajdini had similar results lowering somatic cell count by 800,000 and the bacteria count by 2.5 million.



Objective 2: Improve product quality, formulation, and processes

Anticipated Results

The dairy marketing strategy recommended the development of store brands in the dairy category as a means of gaining domestic market share. In addition, new formulations of dairy products and processes will lead to a more desirable product for consumers. The dairy technology short course along with technical assistance at the lead firm level will result in new products, improved production techniques, and a more competitive dairy sector with increased sales and jobs. This is turn will lead to an increased demand for milk from dairy farmers.

Activities	Status
Provide technical assistance to Bylmeti to develop a yogurt product for ETC	1. Completed
Develop dairy technology short course	2. Completed
3. New white cheese formulation	3. Completed

4th Quarter Progress

The progress on this objective can be defined as transformational. The store brand yogurt, produced by Bylmeti, and sold under the ETC store brand Piti was rolled out in July. By the end of the current quarter, the ETC store brand was leading the yogurt category in sales. Bylmeti Dairy had launched its own newly formulated product in new packaging in June and the market was swift to respond, resulting in an increase in demand by Bylmeti for 3,000 liters per day which was met by adding 50 additional dairy farms to the raw milk procurement system.

1st Year Results

Overall the dairy sector, particularly domestic market performance, has been a laudable success. The dairy processors have begun to seriously challenge established imports from Croatia and Slovenia in key dairy product categories such as yogurt and soft white cheese. Two firms, Bylmeti and Magic Ice, learned the value of gaining market share through the development of strategic partnerships with retails to produce store brands. Very few dairy plant workers have formal education in food science or food technology. The two-week dairy technology short course conducted at the Lipjan Agricultural School provided nine adult learners with an opportunity to develop new skills that were applied at their dairy facilities. The short course focused on production floor management and recordkeeping and yogurt formulation. This short course will become an annual event, sponsored by the Kosovo Dairy Processors Association as a continuing education activity to develop dairy plant workers' skills in key dairy product categories to capture greater market share, such as yogurt, soft white cheese, and new product development.

The dairy sector is extremely competitive and lowering production costs is a necessity. KPEP engaged a regional cheese specialist to assist dairy processors to improve their soft white cheese and lower the costs of production through an improved conversion ratio of milk to cheese yield. The standard had been 7.5 liters of milk per kilogram of cheese. The improved cheese making process uses 5.5 liters of milk per kilogram of cheese. This converts to 182 kg of soft white cheese from 1,000 liters of milk, an improvement of 49 kg of cheese per day or €150 Euros per day without additional cost.

The dairy market strategy produced early in year one identified the development of store brands as a cost effective strategy to expand dairy sales without having to make large investments in new product promotion. KPEP presented this concept to Bylmeti Dairy and ETC. ETC is an established retail hypermarket chain with nine retail hypermarkets that is rapidly expanding in Kosovo and Albania. KPEP engaged a regional consultant to improve yogurt formulation, taste and viscosity, and increase the shelf life by seven days. In addition, KPEP provided a cost share grant to allow Bylmeti to purchase a new yogurt filling machine. Rolled out in July the ETC store brand, Piri, was an immediate success and by the end of the current reporting quarter, the yogurt was leading the dairy category in sales. Sales from the time of product roll out in July to the end of the project year one were €5,585 per day. Furthermore, the demand for milk has increased to 3,000 liters per day that required inputs from 50 additional farmers providing them with additional income averaging €450 per month.



Objective 3: Improve packaging

Anticipated Results

KPEP seeks an investment with foreign and domestic capital to develop quality packaging for the dairy and food sector in Kosovo as well as export potential in the region. The dairy marketing strategy emphasized that packaging is an important element of improving the quality of products and branding. Kosovo dairy processors are behind the competition in packaging, design, and innovation. One of the constraints is the cost of importing packaging. An alternative is to produce dairy and food packaging in Kosovo and position the industry for not only serving the domestic market but also becoming a player in the region. KPEP would position the investment opportunity as a solid FDI initiative.

Activities	Status
1. Conduct an investment feasibility study on dairy/food packaging	 Statement of work drafted, activity postponed to year two.

4th Quarter Progress

This objective is behind schedule.

1st Year Results

A statement of work in draft form has been developed based upon the recommendations from the dairy strategy. Food packaging with regional export potential continues to appear a reasonable investment opportunity that can support the domestic food processing value chains.

Objective 4: Respond to requests from local clients to meet specific needs aimed at achieving significant and tangible results

	Antici	pated	Results	
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Activities undertaken by KPEP will increase dairy sales, jobs, exports, and/or investment.

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Activities	Status	
 Develop dairy product specifications for Ministry of Agriculture, Forestry and Rural Development (MAFRD) 	1. Completed	
2. Conduct training in food safety	2. Cancelled	
3. Policy options to dairy subsidies paid in exporting countries	3. Completed	

4th Quarter Progress

KPEP is pleased with the policy reports produced by STTA consultants. The reports are concise, clear in their recommendations, and reasonable to apply to the dairy environment. The dairy product specifications developed by KPEP and delivered to the MAFRD have been sent to the Ministry's legal department for review. Once reviewed the MAFRD will issue an administrative instruction to enforce the dairy product specifications on the domestic market and for dairy products entering Kosovo. It is anticipated that it will be acted upon and KPEP will continue to monitor the status of the initiative.

At the request of MAFRD, KPEP engaged a dairy policy consultant to analyze subsidies paid by the foreign governments to export to Kosovo and develop policy recommendations to reduce the negative impact of these subsidies. The consultant developed five policy options that ranged from doing nothing to developing ghost technical barriers to prevent product entry. Other options were more moderate and considered the initiative of levying import taxes on products with quantifiable subsidies.

KPEP conducted a debriefing for stakeholders and outlined five policy options. The report is currently being translated into Albanian. Once the translation is completed, KPEP will distribute the report and schedule a meeting to facilitate next steps for policy development and action.

1st Year Results

KPEP developed two important policy papers that addressed dairy product specifications and dairy subsidies paid by countries exporting dairy products to Kosovo. Each of these papers will lead to policy changes that will improve the competitive environment for the Kosovo dairy sector. The policy recommendations for dairy specifications will establish parameters that a dairy product must meet in order to legally be referred to as butter, yogurt, etc. The dairy product specifications are currently in the MAFRD legal department for review and it is anticipated that an administrative directive will be issued in early January 2010. One of the key elements of the dairy product specification recommendations is that dairy products within 50% of their expiration date will not be allowed to enter Kosovo. This will effectively eliminate "distressed" shipments which are normally sold at breakeven or at a loss to clear The result is consumer protection which will stimulate the demand for domestically produced product. The policy recommendations for dairy subsidies paid by countries exporting into Kosovo will be distributed to stakeholders and KPEP will facilitate discussion. The paper will allow the government to work with dairy sector stakeholders to carefully craft a policy that provides a level playing field for the Kosovo dairy sector. This will be particularly important as the government will be in a position to gain the confidence of dairy processors and producers with efforts to develop policy with their participation.

1.2. SUB-SECTOR: VEGETABLES

Sub-sector Strategy: The vegetable sector development strategy focuses on infrastructure development and penetrating regional markets. These two elements of the strategy are critically linked as it is difficult to penetrate regional markets successfully unless local and regional infrastructure is in place. Infrastructure refers to the physical capacity to add value to vegetable products by assembly, sorting, grading, packing, and storing. However, infrastructure also includes understanding and improving the relationship between the producers, traders, and end-market customers. In the beginning of the year, KPEP started the process of identifying potential regional markets, and leading the discussions with a vegetable processing lead firm, Etlinger, to identify assistance KPEP can provide to remove constraints in the firm's bid to market in Kosovo and the region.

Objective 1: Penetrate regional markets for peppers and potatoes Anticipated Results

The fruit and vegetable audit identified peppers (sweet and hot) and potatoes as the value chains that hold the most promise for export. To date, marketing efforts have been from producer to trader without information as to what the end market customer wants, and how the producer can better meet this demand. Kosovo has an excellent reputation for producing these products, but to be more competitive, producer groups and processors need to develop new markets. Penetration of the regional markets will lead to increased sales and exports and establish Kosovo as a reliable supplier of vegetables.

Activities	Status
Identify potential buyers of vegetables in Albania, Macedonia and Montenegro	1. Ongoing
2. Assist the Perdrini Association to develop a memorandum of understanding (MOU) to be signed by members of the Association to commit to supply the volume and quality of peppers to be delivered to the Macedonia and Albania markets	2. Completed
3. Provide training to Perdrini Association and Etlinger Company agronomists to monitor peppers for quality control and yield	3. Ongoing
4. Continue to identify new markets for peppers and potatoes	4. Ongoing
5. Provide Hazard Analysis and Critical Control Points (HACCP) design assistance to Etlinger processing facility	5. Completed
6. Conduct vegetable pre-harvest conference in early June	6. Completed

4th Quarter Progress

The reporting quarter coincides with the vegetable harvest and the efforts to facilitate exports are near completion. With the initial export goal of 1,650 MT of processing peppers, KPEP exceed that goal with the export of 2,020 MT of processing peppers. It is clear that lead farmers with a long term goal of commercialization are key in generating exports and honoring contractual agreements. KPEP facilitated pepper exports to Macedonia, Albania, Montenegro, and Serbia. Total exports in this season reached almost € .5 million, a very respectable result.

Several contracts previously facilitated by KPEP were not honored primarily because the price of peppers was lower in the export markets. In Albania, pepper buyers partially backed out the contracts, honoring 600 tons of the 1,000 ton contract, because the pepper yield in Albania was the highest in 13 years, driving prices down to 13-cents per kg. In Kosovo, farmers backed out of the contractual obligations with Macedonia importers because the local pepper prices were higher than the contracted price for the exports to Macedonia. On a positive note, the demand in Serbia was very high and pepper exports shifted to Serbia. Overall, the Perdrini Association is very satisfied with the markets and the efforts of KPEP. The end result was that the Perdrini Association played a significant marketing role for the membership with prices ranging from $\{0.22 \text{ to } \{0.25 \text{ per kg with production costs in the vicinity of } \{0.12 \text{ per kg}\}$. The average price for exported processing peppers was $\{0.23 \text{ per kg}\}$.

KPEP also assisted Etlinger to source vegetables after its contract with the Mamusha Association was not honored, resulting in the export of 800 tons of processed vegetables to Austria.

Furthermore, KPEP established market linkages with a Macedonian regional exporter and distributor in the United States, Va-Va. Va-Va buys regionally and exports to the US market and has a distribution network of 300 supermarkets for regional foods. This contact was initially made at the New York Fancy Food Show and Va-Va is currently sampling Kosovo products for export consideration.

1st Year Results

KPEP made excellent progress on the objective and established a strong platform for further progress. In year one, KPEP facilitated exports of 800 tons of potatoes and 2,020 tons of peppers. The key to achieving these export results was KPEP engagement of local agronomists who provided technical production, harvest, and marketing support. The agronomists are a key value chain linkage through whom market information flows from the end market to the farmer. The Perdrini Association has learned some valuable lessons and will continue focusing on achieving results. The lessons learned are as follows.

- Contracts are a useful tool but locking in prices may not be beneficial for either party. This is difficult for farmers who want a contractual price to take some of the uncertainty out of the market.
- The sales calls made by the Perdrini Association proved to be very effective, but should focus on marketing instead of concluding contracts.
- Local agronomists as consultants are an effective business service and should be further developed.
- The availability of the market information needs to be improved. Sellers and buyers were not prepared for the price changes, resulting from crop yields, which drove the market from Albania to Serbia.
- There is a major need to improve the conditions by which vegetables are transported. The current system of bulk packing results in losses due to damage and contamination.

The end result of the export effort of processing peppers was valued at €464,600.

The new Etlinger facility is an important economic addition to the sub-sector. KPEP brought in HACCP consultant to provide support during construction of the facility to assure the design and production floor layout will be HACCP approved. In year one Etlinger hired 84 seasonal workers and six permanent workers. Etlinger procured 450 tons of vegetables from Kosovo and exported 800 tons to Austria. The estimated market value is € 600,000. To achieve meeting market demand KPEP provided a cost shared grant to remove the primary obstacle in the process with new pasteurizing technology.

KPEP also facilitated the export of potatoes and for several small farmer groups it came at a critical time. Kosovo was still carrying inventory of potatoes as winter was ending. KPEP facilitated the sale of 35 tons of potatoes which would otherwise stay unsold.

Pestova was assisted with several customs issues as the company exported potatoes into Albania. The initial issue was an unusually high valuation of the potatoes, pricing them out of the market in Albania. The second issue surrounded the smuggling of potatoes from southern Serbia into Albania. In both cases KPEP mobilized its Business Enabling Environment component to assist the agricultural team to resolve these issues.



Objective 2: Develop vegetable infrastructure through collection centers

Anticipated Results

KPEP will seek to facilitate the development of vegetable collection centers with foreign and/or domestic investment. The collection centers will address the lack of infrastructure, which seriously impacts Kosovo's competitiveness in the vegetables sub-sector. Without the ability to assemble and add value, the resulting high transaction costs are driving traders to procure vegetables in Macedonia and Serbia. Collection centers provide an opportunity to produce to end-market demand by adding value with sorting, grading, packing, and storage.

Activities	Status
Develop a business model and investment profile of collection centers	1. Completed
2. Study tour of vegetable collection centers to Macedonia and Albania	2. Completed
3. Promote vegetable collection centers as an investment opportunity	3. Ongoing

4th Quarter Progress

The activities associated with this objective were completed satisfactorily. However, attracting potential investors will require additional activity in identifying investors and training them to use the business model spreadsheet. The VegCo model spreadsheet is user-friendly, which an investor can use to input his/her own relative data.

1st Year Results

The KPEP VegCo model is a very useful tool for investment decision making and indicates potential return on investment of 30%. However, the investment also requires significant capital, possibly up to 1.1 million Euros of which one-third is working capital. In year one, KPEP had inquiries from traders, retailers and Turkish investors. Once a core of potential investors has been identified, KPEP will schedule a study tour to Macedonia to visit the vegetable collection centers that were instrumental in transforming the fresh vegetable sector.

Improving infrastructure in agriculture is a primary goal of KPEP and the MAFRD. Fruit and vegetable collection centers clearly lower transaction costs and can position Kosovo fruit and vegetables as more desirable for buyers as a result of tightening the value chain and the efficiency of the transaction. Examples studied in Macedonia and Albania indicate that a sole proprietorship has been the most successful form of business. This is not to say that a cooperative would not work, as there are successful cooperatives in Serbia, but the need for strong management and relationship building among farmers and retailers is critical and not often found within Kosovo's agricultural associations. Potential investors are traders, hypermarkets, the network of the National Albanian American Association, and general investors.



Objective 3: Introduce improved vegetable varieties through field trials

Anticipated Results

New, improved varieties, as opposed to the traditional practice of using the seed from the previous year, have increased yields and are more pest and disease resistant leading to higher income per hectare. As yields increase, farmers will move toward commercialization in management and mechanization.

management and meenamzation.		
Activities	Status	
 Conduct pepper variety trials and field days 	1. Completed	
Conduct white bean trials and field days	2. Completed	

4th Quarter Progress

The field trials were an important effort to increase incomes, reduce costs, and deliver to the end market the products that are in demand. All field variety trials were conducted on a cost sharing basis with the participants. KPEP hired two local agronomists to manage the pepper variety trials. The other costs associated with the trials were assumed by the seed company from the Netherlands. The white bean trials were managed by a local subcontractor in three locations. Field days, inviting local farmers and agribusinesses, were conducted in all locations.

One of the lessons learned was the timing of the field days which were an open invitation to farmers and agribusinesses to make the site visit and look at the performance of the improved varieties. The pepper field day was held in July after the fruit set. More than 50 farmers and the media attended the event. The event was successful and received a great deal of enthusiasm from farmers. The white bean field days were held in late August when the beans were close to harvest, but this coincided with the harvest of other crops. Attendance was moderate with 15 farmers attending at each site. However, the event received good media coverage.

1st Year Results

The pepper variety field trials were successful. Compared to traditional practices in pepper production with average annual yields of 30 tons per hectare, the improved varieties had yields of 120 tons per hectare. At €200 per ton, the gross income advantage of improved variety seed is €18,000 per hectare. Unfortunately neither the University of Pristina nor the municipalities have an effective agricultural outreach education program. Outreach education as a business service has become an opportunity for the private sector in agriculture. Activities such as field demonstrations and variety trials were conducted by the private sector as was the case with the pepper trials with the Netherlands seed company providing seed and local agronomists managing the trial plots. Field demonstrations are a very effective tool for introducing new technology, very much needed for the commercialization of agriculture. As a result of the pepper variety trials, the traditional pepper production technology of using the previous year's seed was replaced in favor of higher yielding and greater disease resistant new varieties.

As to the white beans, KPEP efforts focused on introducing white beans as a more profitable rotational crop for potatoes rather than the traditional practices of using commodity wheat and corn. White beans are not new to Kosovo farmers; traditionally white beans were grown as an inter-crop, sown between the rows of corn where the corn stalks supported the bean vertical growth. The traditional practice yields less than one ton per hectare plus the yield of the corn which is four to five tons per hectare. The new practice of white beans, supported by

trellises, and grown as a mono-crop yields 5.3 tons per hectare. With a current price of $\in 2.40$ per ton for white beans and $\in 0.15$ per kilogram for corn, the gross income advantage of the white beans is $\in 9,600$. White beans also have the advantage of being a nitrogen fixing crop which would provide nitrogen to the next season's potato crop.

1.3. SUB-SECTOR: NON-WOOD FOREST PRODUCTS

Sub-sector Strategy: The non-wood forest product sector (NWFP) has been able to add value by grading, freezing, drying, cutting, and storing. Our strategy is to move the sector to a new level by identifying and capturing new direct markets and increasing the volume of products that moves through organic and HACCP certified processors. In order to accomplish this goal, the lead sector firms, the generators of growth, must work together in developing market channels. The lead firms will be responsible for assuring that end market, customer demand, information moves along the value chain to collectors and farmers.

Objective 1: Identify new markets for non-wood forest products (NWFP) Anticipated Results

The goal for 2012 is for export value to reach €16 million. To accomplish this, the NWFP sector needs to develop new markets and respond to end market demand for new products.

Activities		Status
Develop a non-wood forest inventory and action development for penetral markets	n plan	Completed
2. Conduct study tours Bulg Serbia	garia and 2.	Bulgaria study tour completed, Serbia study tour cancelled
3. Conduct a pre-harvest confe	erence 3.	Completed
4. Attend as observers to the Fancy Food Show	New York 4.	Completed
5. Develop a Good A Practices (GAP) manual collectors on its use	_	Moved to year two
6. Audit for HACCP and certification	organic 6.	HACCP completed, organic rescheduled for year two

4th Quarter Progress

The fourth quarter of the project year saw an increase in the export of mushrooms and blueberries putting this objective on track. APC, a KPEP client, exported a new product during this quarter, fresh mushrooms. Fresh mushrooms were exported by air freight and delivered to the end market within 48 hours of harvest. Frozen blueberries were exported primarily to Germany, although prices were relatively low, collectors were paid .70 to .80 € per kg. The impact of the international presence of the June KPEP Blueberry Conference was felt by the shipment of blueberries to buyers in Macedonia and Montenegro. Although the progress in this sector is positive, for the sector to reach the next milestone, organic and HACCP certifications will be required.

1st Year Results

The sector continues to look very promising as a contributor to jobs and income in rural areas. Exports which account for 95% of the sale of NWFP were €3.3 million compared to the 2007 results of €2.8 million. Growth and progress toward the €16 million sector goal was reasonably good considering that the sector saw growth in sales value during a period of over supply and market downturn. KPEP assisted processors to evaluate their status toward HACCP which is required for market expansion in high value European and North American markets. Organic certification will also provide Kosovo with more market options. Finally KPEP worked with several processors to develop the concept of satellite collection centers with cleaning and storage capabilities which would allow for lower transaction costs, leading to more competitive pricing. Overall fresh mushrooms performed very well and will continue if transportation costs can be managed. Rose hip marmalade was also a product that is gaining export demand.

2. Sector: Construction

Construction is a transformational sector which was preselected by USAID for support by KPEP because of its importance to the economy and the work done in this sector in the past. KPEP's overall strategy is to build on the successes of the previous project, KCBS, and to take the sector to the next level. KPEP has focused on the road construction and building materials subsectors.

■ Success Stories ■

Road Construction: KPEP established two business linkages with a total value of €150,000, between aggregate supplier Trasing and road construction companies Graniti and Vellezerit e Bashkuar. The linkage is expected to last one year and will exceed €600,000.

Workforce Development: KPEP assisted KAG with developing the application process for 25 scholarships for students of engineering. To date, 15 applications have been received.

Construction Materials: KPEP established two business linkages with a total value of €180,000 between the concrete producer Fitorja and the clay block manufacturer Tulltorja and the construction firm Lin Projekt.



Picture 1: Kosovo made clay blocks



Picture 2: Aggregates on pavement with asphalt



Pictures 3: Reaching agreement on the supply of aggregates

2.1. SUB-SECTOR: ROAD CONSTRUCTION

Sub-sector Strategy: KPEP's goal for the road construction industry is to develop a sustainable, professional design, procurement, and execution capability in Kosovo. This will ensure that future roads are designed in accordance with best practices, and that the best contractors are given a chance to bid for work on a level playing field. Also, it will ensure that contractors develop skills that ensure projects are completed safely and in accordance with contract specifications.

Objective 1: Improve local road design capability

Anticipated Results

Activities under this objective are designed to build capacity in the Government of Kosovo (GoK) to review designs and ensure compliance, as well as to work towards increasing the percentage of the Kosovar road design budget on work produced by Kosovar engineers. To this end, KPEP has prepared SOWs for design and tendering of road construction projects with a goal of training at least 50 professionals in road design, and implementing a train-the-trainers program to provide sustainability. In addition, KPEP estimates that the successful implementation of the road design training activity will generate sales of 3 million Euros and increase new jobs to up to 20 per year.

Activities	Status
1. Provide liaison with Government of Kosovo on the need to specify investments according to international	1

standards

- 2. Organize Study tour to Slovenia for GOK and private sector stakeholders
- 3. Conduct road design training needs assessment
- 2. Completed
- 3. Partially completed

4th Quarter Progress

Our goals under this objective have only been partially achieved. While we completed the activities we set out to do, progress was slower than anticipated. The pilot road project did not progress past the training needs assessment and the identification of the road. As a result, the feasibility study was not done in year one, and the training, which was a part of this activity, did not yet take place. KPEP will continue to pursue this goal in year two.

The MTC has begun to develop standards for road and bridge construction. Members of the MTC engineering department participated in the KPEP-organized study tour to Slovenia, in which they learned about best practices in this field. They also welcomed the recommendations made by the Slovenian road design advisor, and have expressed commitment to work with KPEP on developing training for the professional community on this subject.

The MTC has identified a pilot road, for which KPEP will develop the terms of reference for a model feasibility study to evaluate the most economic and viable options for a detailed design. The selected road section is a 14 km segment of the regional road M9 (Pristina – Peja) located at the intersection road to Gjakova and Klina. It includes a bridge and railway bypass. While the GoK had been receptive to this activity proposed by KPEP, it failed to set aside in the 2009 budget the funding for the feasibility study. As a result, this activity could not be concluded in year one. KPEP will lobby to have the funding included in the GoK's 2010 budget, and attempt to complete this activity in year one. This activity has been included in a Memorandum of Understanding between KPEP and the MTC, which is currently under review by the MTC.

In July KPEP with the help of a Slovenian advisor, facilitated a study tour to Slovenia for private and public sector stakeholders from Kosovo to meet with counterparts in Slovenia. The Kosovo delegation of eight representatives from Ministry of Transportation and Communication, Eurokos, KAG Asfalt, Trasing Group, Road Construction Association of Kosoo, Fossor, and KPEP met with three design companies, one testing operation, five construction firms, one road maintenance company, two management and consulting companies, an association, and a number of government entities, including the Ministry of Environment and Spatial planning, Ministry of Transportation and Road Agency, and six location sites, to learn about the road design process in Slovenia from the planning stage to implementation. Another objective of this study tour was to establish linkages between the Kosovo companies and Slovenian counterparts. As a follow up to the study tour, KPEP provided profiles of Kosovo road construction companies to interested Slovenian firms in preparation for a return visit by these companies to Kosovo to explore business opportunities, including joint ventures. KAG Asfalt and Eurokos are already in regular contacts with two road construction companies from Slovenia (Primorje and Pomgrad) with an objective to form JV in Kosovo.

As part of the road design needs assessment conducted in the third quarter of project year one, KPEP provided a one day training to 24 road engineers teaching them about road

categories, road types, designing traffic speed, road crossing feasibility studies for roads, design detailing and roads, bill of quantities and cost estimation etc. Five road design projects in amount of \in 1 million have been awarded to local engineering companies by the MTC, and the majority of engineers engaged on these projects participated in the training organized by KPEP.

1st Year Results

KPEP is not satisfied with the progress made under this objective. In the year one work plan, KPEP undertook to train 50 local designers and other industry professionals on road design by September 30, 2009. However, due to delays in this activity, this objective was not achieved. Only 24 professionals took part in a workshop presentation on road design, but no training program has yet been implemented.

In other activities, progress has been positive: The MTC, unique among all KPEP institutional counterparts, has appointed a coordinator for KPEP – Mr. Uran Ismaili, an adviser to the Minister. KPEP and the coordinator meet on a regular basis to update each other on progress and to discuss issues of mutual interest.

As mentioned above, in June 2009 the MTC established a working group (WG) to draft an administrative directive for using technical regulations according to international standards, and the agreed upon pilot road project has been identified by MTC.

The KPEP-facilitated study tour for private and public sector road construction representatives (Ministry, RCAK, companies) to Slovenia was very well received. It provided training and capacity building opportunities due to the visits with firms, government institutions and site locations, and opportunities for establishing business linkages. KPEP will facilitate a return visit by Slovenian companies to discuss concrete offers in cooperation. The visit is planned for October.

The STTA report on road design training needs has been completed and was shared with stakeholders – KPEP has received very positive feedback on it. Mr. Naser Kabashi, the Dean of the Faculty of Civil Engineering and Architecture (FCEA) has stated that he will include the STTA recommendations in the FCEA strategic program developed for the next three years.

The MTC is aware that the capability of local road designers and engineering companies is lacking, and has embraced KPEP's offer to assist with a model feasibility study and model tender of a pilot road. However, the Ministry was slow to implement, and while it has identified the road, failed to set aside the funding needed to contract for the feasibility study. As a result, KPEP has not been able to move further with this activity.



Objective 2: Upgrade the skills of construction workers

Anticipated Results

Kosovo's construction workforce is neither trained nor skilled. No training or apprenticeships exist and management and supervisory staff do not have the expertise to organize proper road construction. In this past quarter, according to RCAK, Kosovo and international companies have hired up to 100 workers from outside Kosovo, because local expertise is not readily available. In order to provide better employment opportunities for local labor, KPEP, together with RCAK, will develop training programs to upgrade the skills of the construction workforce. The anticipated result for year one was to train over 80 construction workers. However, due to the lagging response on the part of the government, this has not yet happened.

Activities	Status
Conduct needs assessment for heavy equipment operators training program	1. Completed
Conduct heavy equipment operator survey	2. Completed
3. Determine feasibility and support for Heavy Equipment Operator Training Center	3. Completed
4. New: Study Tour to US to Observe Operations of Heavy Equipment Operators Training Center	4. Completed
5. Identify providers of training for construction workers, including laborers, heavy equipment operators, and crew supervisors	5. Completed
4th O	B

4th Quarter Progress

Progress towards completion of this objective area has been slower than expected primarily due to a lack of responsiveness on the part of the MTC. KPEP for its part completed all its planned activities. These included in the fourth quarter, organizing a study tour to the US for MTC's KPEP coordinator and the Executive Director of the RCAK, accompanied by the KPEP construction specialist, to Oklahoma City, to observe a heavy equipment operators training school in operation. The study tour was hosted by the National Heavy Equipment Training School, which put together an excellent, very informative program for the study tour participants.

Following the study tour, KPEP worked intensively with NAHETS to put together a training schedule for Kosovo that would satisfy the requirements of the MTC and fit into the KPEP activity budget. The proposal discusses advisory to the school with operations and marketing as well we providing training for 120 students in three cycles. The budget and schedule has been presented to MTC.

The MTC now has to fulfill its side of the bargain by identifying and making available the land on which the training center will be built. As of the date of this writing, this identification has not been made. MTC has committed to support the HEOTC with \$250,000 contingent upon approval by the Ministry of Economy and Finance.

KPEP has been in contact with the US construction firm Bechtel, which will bid on the Pristina-Prizren highway tender, regarding a possible contribution by Bechtel to the training center. This would be a vital private sector contribution by an international firm with the knowledge and the capability to contribute significantly to a training effort for heavy equipment operators in Kosovo. Caterpillar, through its local representative, also recently expressed interest an participating in the HEOTC effort, potentially by contributing with machinery.

1st Year Results

Progress under this objective has not met expectations, despite the fact that KPEP completed all activities planned under this objective. The MTC has been slow to fulfill its commitments. As a result, at the end of year one, there is no operating training center. The MTC has yet to identify the land on which the center is to be built.

At the same time, this is an ambitious undertaking, and requires the support and cooperation of multiple stakeholders, including the commitment of considerable sums of money. KPEP considers it a success that the stakeholders agreed that the establishment of the HEOTC is a worthwhile undertaking supported by the government and the industry.

KPEP laid the groundwork for this project by bringing to Kosovo in December 2008 an international advisor who conducted a needs assessment for heavy equipment operators training program and considered it to be feasible undertaking, for which the stakeholders expressed strong support. To socialize this proposal with a larger audience, KPEP held a presentation on Best Practices of training schools for heavy equipment operators in front of more than 60 participants.

KPEP subsequently commissioned a survey of heavy equipment machinery and operators on behalf of the RCAK. The survey was conducted by Index Kosova. A database with the information collected was developed and installed at the RCAK, as a service offering for members and international companies.

In August, KPEP funded a study tour to Oklahoma City for the benefit of MTC and RCAK representatives to view a training center in operation. The study tour was hosted by NAHETS.

Following the study tour, KPEP asked NAHETS for a proposal for conducting one year of operators training in Kosovo. An acceptable proposal has been received and has been shared with MTC.

In early 2008, MTC expressed its commitment to contributing the land for the training center. The RCAK sent a commitment letter to KPEP, in which it commits support the center with up to €120,000 for construction of the building. They have recently discussed increasing this amount. The HEOTC project has recently attracted the interest of the US construction firm Bechtel, which is bidding on the highway Pristina-Prizren and of Teknoxgroup, the Caterpillar sales representative for Kosovo.

However, MTC has not yet identified the land as of the date of this writing. KPEP plans to sign an MOU with MTC in the first quarter of year two, which will include language on the training center, and expressly stating that MTC needs to fulfill its commitments by December 2009 for KPEP to remain committed to this objective.

2.2. Sub-Sector: Construction Materials

Sub-sector Strategy: KPEP's strategy for the construction materials sector is to develop a more efficient concrete production industry through training and the wide and general application of European Union, EN (European Norms) standards in its production and placement. Concrete is the dominant construction material, and improvements in this subsector will have a multiplier effect in the installation of other building materials. KPEP will also improve awareness and capability in the architectural design companies through a training program in which the availability and suitability of locally made materials will be stressed.

Objective 1: Improve architectural design and engineering services

Anticipated Results

Kosovo has a lack of architectural design capability. KPEP is planning to address this deficiency through supporting changes in legislation and through the training and certification of architects and students, awareness building with insurance firms and banks about architectural services for evaluation and appraisal, and other activities. One of our desired results is an increase in the use of local building materials.

desired results is an increase in the use of local building materials.		
	Activities	Status
1.	Consider changes to legislation necessary to regulate services provided by architects and engineers, and recommend improvements	1. Ongoing
2.	Prepare a training and certification SOW to improve design and engineering services and contract for STTAs services	2. Ongoing
3.	Agree on Training Center premises; prepare budget for the program	3. Canceled
4.	Build awareness with local insurance firms and banks	4. Completed

4th Quarter Progress

Progress under this objective in the 4th quarter was satisfactory. The best practice analysis of licensing regimes for architects and engineers was shared with stakeholders and was received positively.

Following presentation of this report, KPEP met with MESP representatives in September to gauge their interest in developing a licensing regime. The MESP representatives expressed strong interest and welcomed KPEP's proposal to identify an international advisor who would advise a working group of stakeholders which would develop a licensing regime for Kosovo. KPEP is currently searching for a qualified candidate. KPEP will also identify and provide a secretary who will organize the meetings, take notes, disseminate them, and provide other administrative and logistical support to the group. KPEP learned that the draft version of the new construction law, contains provisions that may represent obstacles to this endeavor. KPEP's BEE component is assisting with this issue.

KPEP has been actively engaged in awareness building with local insurance companies and banks on how to offer financial instruments to construction firms, KPEP proposed innovative new solutions in the face of the international credit crunch and since almost all the local banks have incorporated this type of services into their departments so KPEP considers this activity as completed. Among other possible solutions, KPEP has suggested that banks accept the tender documents as collateral. Banka Kombetare Tregtare (BKT) has implemented this program with three road construction companies. KPEP advised local architects to offer appraisal, survey and evaluation services to the banks and insurance companies. The Association of Microfinance Institutions of Kosovo (AMIK) has developed a training curriculum on appraisal in which architects and engineers, based on a recommendation by KPEP.

1st Year Results

KPEP was not able to complete all activities under this objective, partly because of a realignment of priorities in this and other sectors in the spring of 2009.

In the spring, KPEP undertook an analysis of international best practices of licensing regimes for architects and engineers, which was shared with industry stakeholders and the government. MESP has expressed its interest and full support for developing a system for Kosovo, and for establishing a working group who would develop this system. KPEP is now searching for an expert to advise this group.

KPEP has identified issues in this regard in the new draft construction law, which we believed had been shelved. However, it seems to have been moved forward, and KPEP Construction and BEE component will work on this issue.

The idea to establish a training center for architects and engineers was dropped as too ambitious. Instead, KPEP concluded – and this decision was corroborated by the building materials advisor – that an industry group, such as the Association of Architects, should offer continued education training courses as a value-added service offering to members and members of the profession. The KPEP Construction Advisor will develop such a curriculum in year two.

KPEP successfully worked with banks and insurance companies to suggest alternatives for loan collateral. KPEP also recommended that architects and engineers be employed as appraisers for construction related activities. A number of banks, including RBKO, NLB, BKT and ProCredit and insurance companies Insig and Sigal, hired nine architects as full-time workers whose main responsibility are appraisals, evaluations, and damage survey.



Objective 2: Develop workforce skills in the improved manufacture of concrete

Anticipated Results

Responding to the lack of skilled workers in the concrete sector, KPEP proposes to undertake training programs for concrete plant staff. The desired outcome of this activity is the training of at least 40 individuals, including concrete workers, inspectors, plant operators, and students, and the establishment of a training facility.

	Activities	Status
1.	Develop training programs for concrete plant operations, maintenance and supervisory personnel, and contract for his/her services	1. Canceled
2.	Ensure EN standards for concrete are being incorporated in building specifications	2. Completed
3.	Develop training programs, engage trainers, and deliver training	3. Canceled

4th Ouarter Progress

Progress in this objective area is less than satisfactory.

KPEP made contact with the National Ready Mixed Concrete Association in the US, inquiring about ready training modules for concrete plant workers. However, the offer we received was extremely expensive, and KPEP consider that the investment would result in an appreciable return on investment. As a result, this activity will be subsumed into the building materials objective in year two.

With regard to EN (European Norms) standards, KPEP has successfully lobbied for the establishment of a working group at the Ministry of Environment and Spatial Planning (MESP) regarding technical specifications for concrete which is under approval process and will be included into building specifications. The WG, led by MESP and coordinated with the Kosovo Standardization Agency, consists of representatives of government institutions, business and professional associations.

1st Year Results

Progress in this objective, while considered very important for Kosovo, has been delayed due to the high cost of implementation. KPEP was not able to identify a suitable training provider with an acceptable offer. KACP, as a local alternative, failed to provide KPEP with a suitable proposal.

KPEP is satisfied with the progress made regarding the incorporation of EN standards. A working group has been established in MESP, which will draft and approve the regulations on use of concrete as construction materials and the main structure on buildings.



Objective 3: Demand driven activities not included in the year one work plan

Anticipated Results

Responding to sector demand for the generation of business linkages and sales, with a goal to promote the use of locally produced materials, increase local market share and support the generation of investment, sales, employment.

Activities	Status
Linkages with local producers	1. Completed
Determine needs for construction materials sector	2. Completed
3. Facilitating Public/Private Sector Dialog	3. Completed

4th Quarter Progress

KPEP is satisfied with the results achieved in this quarter in this objective.

The KPEP Construction Specialist has been actively engaged in establishing business linkages between local firms to promote the sale of local construction materials. For example, KPEP connected Fitorja, a producer of ready mix concrete, and Lin Projekt, a construction firm for the supply of concrete. In this quarter alone, sales were over €180,000. Sales over the next three years are likely to reach over €1 million. KPEP also linked the aggregate producer Trasing with Graniti and Vellezerit e Bashkuar, two road construction companies. Trasing sold 150,000 Euros of aggregate to them, and is expected to sell a total of €600,000 this year. The KPEP Construction and Transactional Sector Specialists facilitated a sale of €15,000 of safety goard road rails by producer Vinex to the road construction company Eurokos. Eurokos hired seven minority construction workers as a result of KPEP's support. Eurokos has also established business linkages with companies from north Kosovo.

The KPEP Construction Specialist further surveyed over 13 local road construction, concrete, aggregate, asphalt and steel supplying companies with the objective to link them with the potential winner of the highway project. KPEP also provided the US company Bechtel with information regarding potential resources of the aggregates, list of quarry operators and locations and Bechtel staff selected some of them and visited them in order to discuss potential cooperation. KPEP also provided Bechtel with cost estimation of local labor and material costs. Our expectation is that Bechtel will contract with several of these firms.

An STTA for a Building Materials Opportunities and a local counterpart conducted a needs assessment of local building materials and provided recommendations to improve quality and sales, including supporting B2B events, professional development opportunities, training for building materials companies on product information and marketing, market research, and improve the flow of information between designers and manufacturers. Main recommendations are included in the year two work plan.

KPEP also supported KAG to develop the scholarship application for 25 students of engineering. To date, 15 applications were received by KAG.

Public/Private Sector Dialog: In May, KPEP facilitated a meeting between the Ministry of Education, Science and Technology (MEST) and local producers of construction materials, to educate the Ministry about construction and building materials produced in Kosovo. This

was the first meeting of its kind which yielded positive results. Companies that participated in this meeting, Korenica, Elnor and Lesna (wood products and furniture), Silcapor (construction, autoclaved, concrete blocks) informed us that that in construction sites for schools their products have been used. The estimated value is €120,000 during this quarter.

1st Year Results

This objective was added to the original year one work plan to reflect the transactional nature of the Construction Sector. KPEP has done well in establishing business linkages between local companies.

In the first year KPEP achieved successfully to establish business linkages between local producers which exceeded €1 million this year. We helped hire new workers, and we assisted with the establishment of a scholarship by the company KAG Asfalt.

KPEP brought in an international advisor to review the construction materials sector in Kosovo and to make recommendations for capturing opportunities for companies in this sector. The recommendations made will be implemented by the advisor during his year two engagement.

KPEP facilitated a meeting with construction firms and the MEST, with the objective to educate the ministry representatives about the availability and quality of local building materials. As a result, several of the participating companies received orders for schools built by the ministry exceeding €120,000.

3. SECTOR: FORESTRY AND WOOD PRODUCTS

Our long term goal is to improve forestry management practices leading to certified forests in Kosovo. Such certified forests will increase the value and quantity of locally grown wood available for domestic wood processing. In addition, wood processors need to improve their ability to meet international standards. By doing so, they have the potential to displace imports and penetrate export markets. The project will address improved forest management through forest certification, improvement in the short term tendering process and a long term pilot leasing agreement via the public/private partnership, opportunities recently promulgated by USAID and the Ministry of Economy and Finance.

■ Success Stories

Natyra Trade Fair Shows Results

KPEP has assisted the Association of Wood Processors of Kosovo (AWPK) with national and international trade show participation, to promote wood products made in Kosovo. The Natyra 2009 trade show, a traditional event for the wood processing sector in Kosovo, was attended by 41 companies. 95% declared they made new contacts. At least 17 contracts were signed, with estimated sales amounting to \in 230,000. As a result of this and other activities supported by KPEP, AWPK has moved toward becoming financially sustainable by generating income from member services.

Forest Stewardship Council is Established

Certification of forests is crucial for the future of Kosovo's forests and the wood products industry in Kosovo. KPEP has helped establish the Forest Stewardship Council Standard Development Group (SDG), which is composed of stakeholders from MAFRD, MESP, Association of Forest Engineers and Technicians of Kosovo, Private Forest Owner Association, University of Pristina and others. This group will drive the FSC certification forward.



Picture 1: SDG established



Picture 2:Presenting the importance of FSC accreditation



Picture 3: People attending Natyra Fair 2009

3.1. SUB-SECTOR: FORESTRY

Sub-sector Strategy: As forest certification presents the greatest opportunity for Kosovo, poor management and illegal logging present the greatest threats. The lead issue in forestry will be certification through the Forest Stewardship Council (FSC). The initial step will be to form a FSC working group, which will register as an association. The working group will coordinate Kosovo qualification for certifying forests with the FSC governing body in Bonn, Germany. Closely related to FSC but not necessarily an integral part is the effort to develop a public/private partnership pilot long-term forest leasing program. In addition, we will work with the government and industry to improve the tendering process for logging rights.



Objective 1: Improve forestry management practices

Anticipated Results

Improving forestry management practices through forest certification under the Forest Stewardship Council will assure that forests are managed to provide a sustainable harvest and that Kosovo's wood products will access high value markets.

Activities	Status
1. Provide support to the National Forestry Working Group and development of the national forestry strategy for FSC certification of forests	1. Ongoing
2. Provide technical assistance and training to MAFRD and KFA in auditing forest management plans and compliance with FSC certification	2. Rescheduled to year 2 to coincide with the development of FSC standards

4th Quarter Progress

Kosovo reached a milestone in the certification process with the Kosovo Standards Develoment Group receiving official recognition from the Forest Stewardship Council (FSC). KPEP assisted the SDG to develop and submit the registration request to the Forest Stewardship Council (FSC). The request was submitted in June and the recognition allows the SDG to be the only recognized body within Kosovo to work with the FSC on forest certification matters. While awaiting the response from FSC, KPEP was proactive by identifying forest management units which could be the most "certification ready." Criteria used in the selection process included an updated long term forest management plan, the extent of illegal logging, and other criteria that would be closely associated with forest certification. KPEP intends to identify up to five forest management units and rank them by their readiness for certification from most likely to "a stretch".

1st Year Results

According to the FSC Kosovo is on track or perhaps slightly ahead of schedule toward forest certification. The recognition of the Kosovo SDG by the Forest Stewardship Council is important to the market place as buyers of Kosovo wood products can take some assurance that Kosovo is "in process" toward certification. As a result of this development and feedback from the FSC regarding progress, this objective is moved from "yellow" status to "green". It is on track and moving forward with an engaged SDG.

KPEP has focused its efforts on forest certification which is critical for Kosovo to develop a sustainable harvest, access markets and build a competitive wood processing sector. In the second quarter, KPEP began working on forest certification by engaging a consultant, who had close ties to FSC, to facilitate the process in Kosovo. During the third quarter, KPEP supported outreach events throughout the country to inform stakeholders of the certification process and the impact that certification can have on Kosovo's forests and wood sector. KPEP also facilitated the development of the National Consultative Forum and the Standards Development Group. The fourth quarter culminates in the recognition and the development work on Kosovo's certification standards.

The process leading up to certification is lengthy. KPEP estimates that the development of standards by SDG and their approval by FSC may be concluded by June 2010. Forest certification may be undertaken in October 2010. In context of the certification process, this is optimal progress. However, it has to be recognized that the process is lengthy before the anticipated results are captured.

Objective 2: Improve the forest tendering and leasing process for public land logging and management

Anticipated Results

The tendering process needs to be transparent and of sufficient length to provide logging companies with incentives to invest in good forest management practices in order to maximize yield. Transparent processes will also encourage new investments as new logging companies emerge to operate with efficiencies and quality management. KPEP is approaching the issue of short and medium term concessions by working with the Law on Forestry which limits concessions to one year and longer term management and harvesting concession through the application of the Law on Public Private Partnerships which was passed on June 25 of this year. KPEP plans to introduce more effective tendering techniques that are transparent and predictable but which can operate under the existing rules and procurements structure. KPEP will provide commentary and assistance as necessary throughout Year Two. KPEP will also work with the KFA and Ministry of Economy and Finance to introduce longer term concessions to forestry through the Public Private partnership system during Year Two.

1 2	
Activities	Status
1. Design a pilot forest tendering process	Ongoing with the Business Enabling Environment component
2. Develop a model long-term timber agreement consistent with the new law on public/private partnerships	2. Ongoing with the Business Enabling Environment component
4th c	To the state of th

4th Quarter Progress

With the recent passage of the Public Private Partnership (PPP) Law, KPEP is earnestly exploring ways to draft PPP contracts so that they support compliance with the new FSC standards and are also efficient enough to be profitable for the private sector and address the concerns of the GoK. The Kosovo Forest Agency has expressed its interest in pursuing PPP as a flexible concession tool.

1st Year Results

It remains unclear how committed the MAFRD is to the improvement of the tendering process. Repeated attempts to offer assistance have resulted in explanations that MAFRD will await the PPP scheme for revamping the process. With the passage and implementation, however, of the PPP Law, KPEP is now in an excellent position to assist MAFRD and private sector companies in developing medium term management and harvesting contracts that will assist in Kosovo's compliance with FSC standards. Progress in raising awareness of the importance to Kosovo's economic future of the tendering process has come quickly, but progress in changing the system itself is slower.



Objective 3: Undertake a biomass study to identify opportunities (planned)

Anticipated Results

The study will define the economics of biomass and its potential as an investment, creating jobs. Biomass represents an opportunity for renewable energy within Kosovo's vast forests and increased yield from wood harvesting systems. The feasibility of a commercial biomass project will be studied. If the results are positive, it will be a promising FDI opportunity.

Activities Statu

1. Conduct a biomass study 1. Moved to year two

4th Quarter Progress

A fourth quarter activity, the biomass statement of work was developed and a request for proposals posted. The subcontract will be awarded in the first quarter of year two.

1st Year Results

Progess on this objective was slowed by negotiations with a firm, headquartered in Serbia. The firm had done similar studies for USAID in Serbia and data for Kosovo. In negotiating the price of the subcontract, the firm and KPEP were unable to agree on a reasonable cost. KPEP released a request for proposals in the latter part of year one and the subcontract will be awarded in the first quarter of year two.

SUB-SECTOR: WOOD PRODUCTS 3.2.

Sub-sector Strategy: The Wood Processing sub-sector needs to improve its capacity to meet international standards. By designing and processing at an internationally competitive level, wood processing can displace imports on the domestic market and create opportunities in the export market. The three key areas in wood processing are design/product diversity, production, and marketing and our targeted STTA will address these competitive elements. In addition, the Association of Wood Processors of Kosovo (AWPK) will take a leadership role in sustaining services to their membership.

Objective 1: Developing new markets and new products of international quality standards

Anticipated Results

Kosovo wood processors will develop new products for the domestic and export markets that meet end market demand for design, quality of wood, and craftsmanship. The result will lead to an increase in sales, jobs, and investment as firms respond to new opportunities. Forest certification leading to the chain of custody certification will also assure valuable market access.

Activities	Status	
1. Improve management of drying kilns	1. Completed	
2. Improve furniture design	 Ongoing, initial assessment completed and course designed 	
3. Prepare for the LIGNA Fair in coordination with GTZ	3. Completed	
4. Identify potential market opportunities	4. Ongoing	
5. Implementation of "from log yard to market" improvements at major wood processors	5. Completed	
6. Support the AWPK to conduct Natyra 2009 Fair.	6. Completed	
7. New product development	7. Ongoing	
4 th Quarter Progress		

In this quarter, KPEP focused on identifying new market opportunities and establishing market linkages for the wood processing companies. KPEP assisted the wood processors to prepare several offers including the following: one offer for the international supplier of hotel furniture, three offers for the upholstery distributors in UK, one offer for wood turnings for the distributer in UK, and one offer for children furniture for the distributor in the EU. Furthermore, KPEP assisted a buyer from Netherlands to visit six wood processing companies. Finally, KPEP identified and established market linkages between a local construction materials wholesaler, Al Trade Bau Market, and the local manufacturers.

1st Year Results

In year one KPEP made very good progress on the objective. Markets were broadly identified as hospitality, upholstery and cabinet. This allows wood processors to focus on core products. Buyers were identified and in some cases designs were submitted to Kosovo wood processors for prototype production. Activities in year one focused on understanding the end market demand for furniture design and quality. Thirty Kosovo wood processors made important strides towards becoming a reliable supplier of furniture products to new markets, including UK for upholstered furniture, Netherlands and France for children furniture, and Germany for furniture components such as chair legs. To reach the point of making these initial market linkages, KPEP identified and addressed wood drying as a critical constraint to producing quality wood products. With the assistance of US based STTA, KPEP worked with 17 kiln drying operations with a result of increasing lumber yield by 10 percent and achieving a definite increase in quality of the lumber. Twenty wood processors attended the Ligna Hanover Wood Manufacturing Trade Show where local companies invested €270,000 to upgrade equipment in Kosovo. Another key intervention was the development of management systems to control costs by increasing production floor efficiency and developing an Excel cost tracking spreadsheet. As a result, one firm decreased manufacturing costs by 10%.

Objective 2: Improve capacity of the Association of Wood Processors in Kosovo (AWPK) to provide member services such as training and advocacy

Anticipated Results

AWPK will become a fully sustainable association recognized as representing the wood processing industry as well as its members. Membership will grow as wood processing companies understand the value added provided by AWPK membership.

	Activities	Status
1.	AWPK work with the Kosovo Standards Agency to adopt 46 EU wood industry standards	1. Completed
2.	AWPK managed Natyra 2009 Fair	2. Completed
3.	Participation in LIGNA Fair, Hanover, Germany	3. Completed
4.	Kosovo Standards Agency with AWPK establishes a wood industry standards committee	Ongoing, additional EU wood industry standards adopted
5.	AWPK members exhibit at Tirana Wood Products Fair in September 2009	5. Preparations ongoing

4th Quarter Progress

Progress is very positive as the AWPK serves as an excellent model for trade associations. Assisted AWPK to prepare for the Wood Products Fair in Tirana in September by helping the association to develop a catalogue for wood products. A total of 14 companies participated in the fair, the results will be reported next quarter.

1st Year Results

Membership grew from 67 dues paying members to 78 members over the course of year one. The Association of Wood Processors of Kosovo (AWPK) is one of the more mature trade associations in Kosovo and KPEP is committed to its further strengthening. Traditional member services were carried out as the AWPK annual Natyra trade show was a success this year − more than 41 companies exhibited, 5,000 people attended, and €230,000 in sales was achieved immediately after the trade show. AWPK also co-sponsored members' attendance of the Ligna Trade Show in Hanover, Germany where local companies invested €270,000 to upgrade equipment in Kosovo's wood processing facilities. AWPK was also instrumental in working on behalf of the membership in establishing 46 new EN standards for wood processing in Kosovo and is currently discussing adoption of additional 60 standards.

B. Transactional Sectors

1. Sector: Information and Communication Technology

ICT is both a vertical sector with a high potential for growth and employment in its own right and a "horizontal enabler" that can contribute to the growth of all sectors across the economy. In the first year, KPEP treated the program in a transactional way, and the purpose of interventions was to 1) take concrete actions to build capacity for the domestic market, and 2) pursue opportunities to develop IT services exports as they arise. In the second year, KPEP will treat ICT as a transformational sector, with aggressive targets for improved sophistication and impact.

■ Stakeholder Insight ■

"Working with Booz Allen Hamilton and KPEP has been a positive experience for STIKK in its early days of existence. We were encouraged to discuss our participation in the ICT fair, and received assistance within a very short time frame. STIKK was able to present itself at the fair and sign up many new members. Working with an implementing partner like KPEP, in a truly strategic sector as ICT, we believe, will bring the true change to the sector and society."

Driton Hapçiu

Chairman of the Board
STIKK, Kosova Society for Information Technology and
Communication

"Thanks to KPEP ICT Training and Certification program I had the opportunity to be trained and be prepared for certification in Internationally recognized certifications which will increase my professional skills in the IT field and help me out in advancing in my career and proving more professional services in my workplace."

Kustrim Ajvazi



Picture 1: ICT Sales and Marketing Training March-April 2009



Picture 2: SAF Presentation to ICT sector



Picture 3: ICT local experts discussing

Objective 1: Improve product development, marketing and sales capabilities, and market linkages for selected firms

Anticipated Results

By improving the marketing and sales capabilities of select firms, creating new market linkages; and preparing marketing strategies for penetration into these new markets, the assisted firms will realize increases in sales and exports.

Activities	Status
Conduct ICT sales and marketing "boot camp"	1. Completed
2. Implement IBM's Signature Selling Method workshop	2. Cancelled
3. Conduct Kosovo-Macedonia B2B Event	3. Cancelled
4. Conduct Kosovo-Albania B2B Event	4. Ongoing
5. Attend Systems 2010	5. Cancelled
6. Identify industry solutions	6. Cancelled
7. Attend Call Center World Berlin	7. Cancelled
8. Work with RCI on IT mark	8. Cancelled
9. Online Marketing Services for Kosovo Tour Packages, Tourist Experiences and Products (Tourism Portal)	9. Ongoing
10. New: Call Center research	10. Ongoing

4th Quarter Progress

Progress in this area is satisfactory. In the second quarter, KPEP revisited the activities initially proposed for this sector, and decided to not pursue some of them for lack of tangible results, lack of industry interest, or because other donors were already covering these areas (e.g. System 2010, IT Mark, B2B Macedonia). As a result, several of the above activities show as "cancelled".

KPEP is supporting the ICT Association with organizing a B2B event in Albania. Preparatory work began in the fourth quarter, and the event will be held in the first quarter of year two.

KPEP started working on developing the online tourism portal. The goal is that this portal will be become *the* source of information for internationals in Kosovo, by providing information about events and tourism destinations and offerings in Kosovo, as well as for expats and tourists who are interested to learn more about Kosovo's tourism offerings. While this portal will be supported by KPEP in the first year of operations, the contractor was required to propose a business model that will allow for the portal to be self-sustainable after this period.

Another activity which was added in this quarter was a survey on Call Centers, with the aim of providing assistance to interested call centers in Kosovo to offer inbound services. An RFP was issued in the fourth quarter, and the contract was awarded. Work has begun and will continue in year two.

1st Year Results

Progress under this objective was satisfactory, given the realignment of priorities that was undertaken after the second quarter. As a result, several proposed activities were cancelled and our strategy narrowed to few high priority activities.

The ICT Sales and Marketing boot camp training performed in the 2nd quarter was a successful event. The eight companies and the ICT Association that participated in training learned new sales techniques, improved marketing materials, and started using the skills in their day-to-day marketing and business development efforts. For example, the ICT Association has reached out to enroll 21 new member companies. The white paper on ICT and Tourism, developed as a part of this training, presented the basis for designing a new ICT-tourism cross cutting activity, the Tourism Portal, which is ongoing and will continue in the second year.

As mentioned previously, KPEP is in process of preparing for a B2B event in Albania and developing a survey for the call centers, both to be implemented in Year 2.



Objective 2: Improve workforce skills in ICT sector

Anticipated Results

Improved workforce quality will be demonstrated by an increase in the number of local ICT professionals with internationally-recognized certifications by approximately 100 people; increased employment and retention of ICT professionals in the ICT sector; an increase in the number of Kosovar ICT professionals with PMP certifications by approximately 10 people; and increased capacity of ICT firms to manage and successfully complete complex ICT projects.

	projects.	
	Activities	Status
	Support ICT vend certification	1. Ongoing
	2. Support PMP certification	2. Ongoing
4 th Quarter Progress		

Good progress has been made this quarter in implementing the ICT workforce development program.

KPEP has awarded contracts to two local training companies who will offer internationally recognized ICT vendor trainings and certifications for Microsoft and Cisco Systems. The project has committed to providing grant funds on a cost sharing basis in order to reduce the costs of the certifications and stimulate demand. The selected training providers have already started with promoting availability of the training. There was a slight delay in the enrollment of the candidates due to the summer break. This is a year-long activity which will be continued in the next year.

KPEP has further awarded a contract to a local training company to become a PMP training and certification provider in Kosovo. KPEP will offer financial support to the training company for all students who go through the training and successfully pass the certification exam. The selected company is currently working to have its own instructors certified. Once this is accomplished, it will recruit and enroll students into the training. This is a year-long activity which will continue in year two.

1st Year Results

Progress in this area is satisfactory, albeit somewhat slower than envisaged. As mentioned previously, KPEP has awarded contracts to local companies to become certified providers of PMP and ICT vender training and certification. This activity will continue throughout the next project year and the results will be evident in year two. The first training classes have begun, with initial enrollment of 10 students. PMP certification is moving forward, with the training organization progressing with its own certification and charter acceptance.



Objective 3: Strengthen ICT Association

Anticipated Results

The ICT Association was only established this year, 2009. KPEP sees it as an important opportunity to support a motivated executive director to develop this association into a sustainable organization, providing a range of services to members, including support in the areas of workforce development and market information, advocacy and lobbying. As the association's membership grows, it should reach financial sustainability.

Activities	Status
Conduct supply-demand survey	2. Ongoing
2. Design and production of promotional materials for ICT Fair	3. Completed
3. Develop by-laws and procedures	4. Ongoing
4. Support ECDL training and national operator's concept through the ICT Association	5. Ongoing

4th Quarter Progress

KPEP is satisfied with progress made in this quarter.

The IT Sector Supply-Demand Survey, which will be implemented by a local subcontractor, chosen in this quarter, will inform the association and KPEP about ICT market size and segmentation, capabilities of ICT providers, and workforce demand. One of the contract products will be a database of companies and their service offerings, to be maintained by the ICT Association, as another service offering to their members and prospective members.

KPEP is taking part in the working group to assist the association in the process of drafting the new charter and by-laws, which will be ready for the forthcoming General Members' Assembly in the second half of the year.

KPEP facilitated a meeting called by the ICT Association with all ECDL providers in Kosovo where it was agreed to establish the Association's first Committee on ECDL and appointed a Coordinator.

1st Year Results

Progress in this area is very good. The ICT Association of Kosovo has become an increasingly important channel for the industry to receive information, training, and representation. KPEP has been instrumental in supporting the ICT Association during its first year of existence, and has provided technical assistance on several fronts.

For example, KPEP funded the design and production of promotion materials for the association participation in the annual ICT fair in Pristina in March. As a result of this fair, the association enrolled 16 new ICT companies; a 40 percent increase from its membership based and established a contact with the ICT Association of Macedonia (MASIT). At the end of this reporting period, a total of 64 companies are members of STIKK.

With the advisory and support of KPEP, STIKK has offered a number of value added services in the course of the past year, including: participation in an ICT fair, organization of an e-marketing training for IT companies, organization (in process) of a B2B event involving

Kosovo and Albanian companies, preparation of an ICT job fair. STIKK also undertook its first lobbying initiative by requesting the appointment of the Telecom Regulatory Authority's board from the government.

Per the KPEP Association Development Index, which measures the performance of associations through a number of indicators, STIKK has made significant progress compared to last year.

The information and services provided by the ICT Association as a result of this support are not only important value-adds to the industry in themselves, but also serve to promote the ICT Association as an industry focal point with the ability to provide real and tangible services to its members. In year two our ICT and BSP components will provide advisory on improving financial sustainability, developing a new range of services and in building advocacy capacity of the association.



Objective 4: Improve legal and regulatory environment for ICT sector

Anticipated Results

This objective has two goals: The development of an internet exchange point for Kosovo (it is currently located in Serbia), which will increase the speed and security of electronic communications in Kosovo, while reducing cost, and the establishment of a country code top level domain – ".ks" – for Kosovo, as a unique identifier of internet addresses of Kosovo entities and as a unique country brand.

Activities	Status	
1. Develop Internet exchange point	1. Ongoing	
2. Support dot K S (.ks) domain name	2. Ongoing	
4 th Quarter Progress		

Progress in this area is satisfactory. On both issues, the Internet Exchange Point (IEP) in Kosovo, and the assignment of a Country Top-Level Domain (ccTLD), KPEP continued to work with stakeholders on the implementation of the action plan for obtaining ccTLD prepared by KPEP's STTA, John Adams.

KPEP drafted for the MTC an Administrative Instruction (AI) which, pursuant to the law and existing GoK policies, puts the Telecom Regulatory Authority (TRA) in charge of concrete actions towards establishing an effective framework for the management of ccTLD.

On August 21, 2009, KPEP organized a joint meeting between MTC USAID and KPEP to ensure stronger political backing from the Minister and, thus, to expedite the implementation of the action plan, including enacting the AI.

Minister Limaj enacted the Administrative Instruction on September 25, 2009 (Ref No: MTPT/504/09). With the new TRA Board appointed by the parliament on September 17, the prerequisites are now met for KPEP to continue working on ccTLD and start working on IEP.

KPEP is further leading the work in identifying a suitable operator for ccTLD Registry. University of Prishtina and University of Pittsburg have agreed to establish this entity, and provide to it the initial support.

Work on the internet exchange point was deferred to year two, because work on it was dependent on a functioning board at the Telecom Regulatory Authority. This board was not appointed until September 25, 2009 (KPEP project year 2).

1st Year Results

Progress in this area is satisfactory. In year one, KPEP managed to raise the issues of IEP and ccTLD and convince stakeholders or their importance for Kosovo prepared an action plan for obtaining ccTLD and mobilized the stakeholders to start working in its implementation.

These are policy issues that require close cooperation with, and ongoing support by, the relevant government institutions, including the Ministry of Transport and Communications, the Telecommunications Regulatory Agency, and the Prime Minister's Office. This is an ongoing activity which started in the third quarter of year one and will be continued into the next year.

KPEP intervened at MTC and USG levels to urge the GoK to accelerate TRA board appointment, including through STIKK channels.

2. Sector: Tourism

Sector Strategy: Tourism's designation by KPEP as a Transactional Sector means that the project focuses on specific ROI (return on investment) opportunities. These will increase sector revenue through exports (tourist arrivals) including increased spending by the international community in Kosovo, as well as domestic sales (local tourists) and increased foreign or domestic investment into the sector.

We are working at the sector level to identify strong local counterpart institutions, such as the Kosovo Tourism Association, while collaborating with other donors and leveraging the experience of other USAID projects (e.g., Macedonia).

■ Success Stories

'Stay the Weekend-Experience Kosovo' Travel Day. This event, organized in partnership with the Kosovo Tourism Association (KOTAS) with the objective of promoting inbound tourism in Kosovo, was the first of its kind in Kosovo. It involved 41 experienced providers, presenting over 100 products and packaged experiences from all around Kosovo, generating over 200,000 Euros in sales and creating 46 new jobs in hotels, restaurants and resort centers.

'Join us for the Weekend-Experience Kosovo' tourism product presentation in Tirana, Albania

This first organized promotion of Kosovo as a tourist packages and destinations to the Albanian market was opened by the Kosovo Ambassador to Albania and involved 28 experience providers. As result of this activity, over the summer months, these companies hosted about 900 Albanian tourists generating Euros 85,380, established 9 partnerships, and achieved to include Kosovo into two regional tours in cooperation with Albanian tour operators.

'Join us for the Weekend-Experience Peja' Tourist Street Fair

This event was organized in partnership with the Municipality of Peja. 56 vendors presented over 100 products and packaged experiences from the tourism region of the Accursed Mountains (region around Peja) and attracted over a thousand visitors. The vendors sold goods and services of just over 7,000 Euros.



Picture 1.Rugova Experience biking tour



Picture 2: Peja Mayor, US Ambassador and USAID Mission Director cut the ribbon of the Peja Tourist Street Fair



Picture 3: National food and dishes exhibited at the Peja Tourist Street Fair

Objective 1: Increase sector revenue through exports (tourist arrivals) including increased spending by the local international community, increased domestic sales (local tourists) and foreign or domestic investment into the sector

Anticipated Results

KPEP expects an increased number of 'internal tourists' (especially internationals); an increased number of tourism experiences and packages developed and offered on a regular basis by Kosovo travel agents/tour operators; and increased revenues of travel agents, tour operators and other potential experience providers.

	Activities	Status
1.	Identify an institutional counterpart	1. Completed
2.	"Stay the Weekend – Experience Kosovo" Travel Day Fair	2. Completed
3.	"A Taste of Kosovo" Restaurant Tour & Tourism Promotion	3. Cancelled
4.	Be on the lookout for foreign investment opportunities	4. Ongoing
5.	Developing the knowledge of 'Stay the Weekend – Experience Kosovo' travel tour suppliers to maximize marketing and promotion efforts and sales	5. Ongoing
6.	"Join us for the Weekend – Experience Kosovo" promotion event in Albania	6. Completed
7.	"Stay the Weekend – Experience Peja" Street Fair	7. Completed

4th Quarter Progress

The highlight of this quarter was the launch of the first 'Join us for the Weekend – Experience Kosovo' tourism product presentation in Tirana, Albania July 1-2, organized by KPEP in partnership with the Kosovo Tourism Association (KOTAS) just after the highway Tirana-Prishtina was officially opened and created preconditions for more tourist arrivals. The presentation was opened by the Kosovo Ambassador to Albania and involved 28 experience providers. Over the summer months, these companies hosted about 900 Albanian tourists thus generating exports (arrival of Albanian tourists) of €85,380, established nine partnerships, and succeeded in getting Kosovo included in two regional tours in cooperation with Albanian tour operators. The success of this initiative is not limited to the short term results. This promotional trip also helped experience providers to better understand the demands and expectations of the Albanian tourists. This experience encouraged them to undertake strategic planning, and in some cases, investment to generate additional capacity in order to meet the demand of the Albanian market and to be prepared for large tourist groups. For example, the spa, Nena Naile, from Kllokot invested €1.5 million into additional bed capacity, targeting primarily the Albanian market.

To maintain the momentum of the first tourism event in Kosovo and to further leverage the

brand activity 'Stay the Weekend – Experience Kosovo", KPEP launched the first ever Peja Tourist Street Fair on September 26th, in partnership with the Municipality of Peja. Fifty six vendors presented over 100 products and packaged experiences from the tourism region of the Accursed Mountains (region around Peja) and attracted over a thousand of visitors. The vendors sold goods and services of just over 7,000 Euros (immediate results at the fair). The multiplier effect of these direct sales is estimated at two to three times this amount considering induced spending throughout the local economy of Peja region. At the same time, the success of this event encouraged other donors to support tourism sector in this region – the EUAID approved a grant of half a million Euros to the Municipality of Peja for tourism activities.

To convert 'Stay the Weekend – Experience Kosovo' travel tours and packages into regularly scheduled and systematically marketed product offers, KPEP continued its assistance, by building the capacity of four experience providers, two of which are start-up businesses, Intours & Travel and Kosovo Tourism Group. The results achieved by these companies are as follows: €18,000 increase in revenue and €8,500 increase in investment. Furthermore, these companies hired nine employees and arranged tours for 215 tourists.

The details of KPEP assisted experience providers' accomplishments this quarter as described as below.

- In September, Intours & Travel organized two wine tours for 13 internationals of different embassies and international organizations from Skopje, Tirana and Pristina. The company organized a four day tour for 31 tourists from Albania. In partnership with UK tour operator, Regent Holidays (RH), short-tours were organized in Kosovo for 38 regular clients of RH who are passionate travelers that have visited over 100 countries. In addition, Kosovo has been included in two regional tours in partnership with Albanian tour operators. The first tour was a regional geopolitical study tour for nine tourists from France and the second one was for a group of 22 religious tourists from Italy. In October, the company will sign an agreement with KEY Tours from Albania for regional wine tours targeting tourists from Israel and Japan.
- Kosovo Tourism Group organized two hiking tours in Luboteni Mountains for 10 EULEX staff. In October, the company plans to conduct a tour of Mirusha waterfalls for a group of 10 women from IWC.
- Rugova Experience (RE) organized a 50 km mountain biking tour of Rugova Valley for seven OSCE and USAID participants in August, and a hiking tour of Rugova Valley for five OSCE participants in September. In addition, RE organized a cultural event and dinner for a Diaspora group of 65 visitors from Norway in September.
- The Ranch hosted two tourist groups, nine tourists from French Embassy and six students from American University in Kosovo (AUK). In addition, the Ranch organized horseback riding race which attracted over 3,000 visitors. Building on this successful event, the Ranch organized a horseback riding and a history tour for 15 tourists.

1st Year Results

In addition to fourth quarter progress mentioned above, KPEP has achieved excellent results with its first major initiative, Kosovo Travel Day Fair on Earth Day, April 22, 2009 organized in partnership with the Kosovo Tourism Association (KOTAS), under the theme of "Stay the Weekend – Experience Kosovo". It generated over 200,000 Euros in sales (during the fair and over the summer months) and 46 new working places created, mostly by hotels, restaurants and resort centers.

The Travel Day Fair engendered considerable interest and enthusiasm among the exhibitors, visitors and the media. TPD Consulting, a local tourism planning and development company, with KPEP assistance launched the first ever wine tour for three Americans from the American University of Kosovo (AUK), and Media Tour Package for travel writer Mark Stratton from travel magazine Wanderlust. A culmination of TPD's success is a four day tour organized for 22 clients of well known tour operator from UK, Regent Holidays (RH), who experienced for the first time a tour package in Kosovo. The company continues regular cooperation with RH, involving also other Kosovo experience.

After just seven months of activities, fifteen new tourist packages have been developed by experience providers of inbound tourism in Kosovo; three promotion tables organized by KPEP to support experience providers for direct marketing of tourism offers to targeted groups of international community (OSCE, EULEX and International Women Club (IWC), as well the Kosovo tourism blog (experiencekosovo.wordpress.com) was developed and markets tourist packages and tours.

KPEP is satisfied with the initiatives organized and the results achieved. The tourism sector in Kosovo is nascent and at the very beginning of a steep learning curve. KPEP, in cooperation with the Kosovo Tourism Association and a number of experience providers and local consultants, has demonstrated that tourism events can be successful and profitable. The success is not limited to the short term results in this sector – KPEP started building the capacity of experience providers and engendered enthusiasm in the tourism community, vital for further development of this sector. Tourism will remain a major transactional sector in the year two.

3. SECTOR: RECYCLING

Sector Strategy: Recycling is a Transactional sector with little Kosovo-specific information available, limited private sector involvement, but valuable lessons to be learned from the recent successful experiences of both Macedonia and Montenegro. In the first year of operations, KPEP focused only on PET recycling because of its synergies with other targeted sectors. KPEP planned to implement a few concrete activities to demonstrate the benefits of recycling.

Objective 1: Develop a sustainable pilot project for PET recycling to demonstrate the financial and other benefits of recycling as well as to identify foreign direct investment (FDI) to improve conditions and long-term success of the sector

Anticipated Results

Based on the opportunities identified, evaluated and selected for intervention and undertaken, results will be an increased quantity of PET plastics recycled and exported; increased number and value of sales of recycled products; and increased investment in recycling sector, including foreign direct investment (FDI).

Activities	Status
Identify potential opportunities to increase recycling and generate public support	1. Ongoing
2. Identify opportunities to collaborate and cooperate with other projects and other donors	2. Ongoing
3. Develop and implement action plan	3. Postponed for year two

4th Quarter Progress

In the summer, KPEP launched a feasibility study of Kosovo's plastic recycling industry conducted by MDC Ti NET from Skopje. Contingent on the findings of the feasibility study, KPEP will implement measures to establish a sustainable nationwide recycling program for PET in year two. Initially, this activity was planned to begin in year one, however, the feasibility study started this summer, and the final report was received only recently. (October '09).

At the beginning of the project, KPEP considered Camp Bondsteel to be an important partner in jumpstarting a sizable recycling project. Accordingly, KPEP undertook a capability study of Lulebora, a recycling NGO, which expressed a strong interest in working with Bondsteel on their plastic collection. While KPEP's study confirmed that Lulebora can be a viable partner, Bondsteel ended up selecting another firm. Collection is expected to begin in the first quarter of year two. Given the size of Bondsteel and the volume of its waste, this will be a significant contribution to plastic recycling in Kosovo.

During the first year of the project, KPEP helped with a number of linkages; including linking MEA with the USAID funded project Effective Municipalities Initiative (EMI) for paper waste collection. First collections are expected to start early in the first quarter of year two.

For Bondsteel, KPEP identified a company for collecting wood waste from Camp Bondsteel (CBS) – the company is a KPEP client, Korenica. It is expected that the collection will start in year two.

KPEP has also identified opportunities for collaboration with the Regional Environmental Center (REC), which is developing and planning to implement Local Environmental Action Plans for recycling and waste management issues. Within this plan, there is an opportunity for co-financing, since REC will grant €40, 000 to each of the five selected municipalities.

KPEP identified 49 local NGOs involved in different environmental projects throughout Kosovo as potential stakeholders for upcoming KPEP activities in year two.

1st Year Results

The progress in this sub-sector was less than fully satisfactory, in part due to delays outside of KPEP's control, including Bondsteels's decision not to use a KPEP client firm to collect the PET waste from its camp.

The results in this sub-sector are described in the section above – most activities that were started in the second or third quarters came to fruition in the fourth quarter.

Bondsteel did not prove to be the ambitious partner that they seemed to be when KPEP first engaged with them. The cooperation has not lived up to KPEP's expectations, nor have the results achieved to date. There will be a major turnover at Bondsteel this fall, and the new rotation that arrives from Hohenfels may have different interests; as a result, KPEP may look for other partnership opportunities.

The analysis carried out by MDC Ti-Net, a company that established a PET recycling project in Macedonia, has provided valuable information on the sector, both in terms of data and companies active in this sector. MDC-Ti Net made a number of recommendations, such as starting small pilot projects in one or two municipalities, which KPEP is currently considering.

4. SECTOR: FABRICATED METALS AND AUTO PARTS

Sector Strategy: KPEP interventions will be carefully targeted to activities that are complementary to the work of other donors, particularly GTZ, and those that present the potential for high return on investment. We also look for synergies with other KPEP sectors, such as construction and agriculture.

■ Success Stories

KPEP organized a B2B between VINEX Company and members of the Road Construction Association, in order to enable Vinex to get access to local construction companies for new production program — elastic road guard rails. As result of this activity, Vinex got in contact with the biggest construction company in Kosovo which also supplies other companies with imported road guard rails. First transaction with this company amounting to 15,000 Euros is a modest sum but increased Vinex's optimism that their new product will be supported by local construction companies thus substituting imports and improving the trade balance of Kosovo.

Objective 1: Provide targeted technical assistance and support services to producers of metal products and auto parts to maximize ROI

Anticipated Results

Before specific results can be established, KPEP needs to identify specific transactions and interventions. However, in general, the project expects to find opportunities for transactions in Fabricated Metals and Auto Parts and to undertake appropriate interventions. These activities will increase the number and value of sales, jobs and investment in Fabricated Metals and Auto Parts.

Activities	Status
Identify GTZ involvement in Fabricated Metals and look for opportunities to provide complementary support	1. Ongoing
Review of existing auto parts industry and potential to link to regional automobile manufactures	2. On Hold

4th Quarter Progress

In the fourth quarter, KPEP continued assisting Gorenje Elektromotori (GE) to define technical-specifications for a new export-oriented production program - electric motors for washing machines, as well to identify suppliers of equipment and researching global trends in the household appliance industry. KPEP assisted GE with the development of a business plan, to support it in its search for a loan to restart operations. GE approached Ljubljanska Banka in Pristina for a loan to implement its plan. The loan is under review.

KPEP continued its assistance efforts for VINEX Company to get access to local construction companies for new production program − elastic road guard rails. A B2B organized by KPEP with members of the Road Construction Association, resulted in a first transaction of €15,000. It is expected that this new product of Vinex's will have a large positive impact in the construction industry, including import substitution. GTZ is assisting the company with business planning and defining requirements for quality control for this new product.

1st Year Results

Progress in this sector has been less than satisfactory, primarily due to factors outside of KPEP's control, such as the collapse of the auto and metal parts industry worldwide.

In addition to the activities mentioned above, KPEP and GTZ supported two pilot projects that will, for the first time in Kosovo, install geothermal heating and cooling systems, involving German company ITEC and companies Osa Termosistemi (OT) and Montkomerce GZ from Kosovo. The linkage initially was made through GTZ for export to Germany of heat exchangers produced by OT, but ITEC required barter agreement that means exporting its geothermal heating and cooling systems to Kosovo. KPEP found out two pilot projects where ITEC's products can be installed, as well provided engineering expertise to be defined technical specifications. First pilot is at AUK and the second one is at a dental clinic, ARS, both located in Pristina. Companies Osa Termosistemi and Montkomerce GZ from Kosovo, as well German company ITEC were part of the pilot. However, in the meantime, due to worldwide financial crisis, ITEC which was supposed to transfer know-how to Osa Termosistemi, withdrew from the project, as well cancelled agreement with OT for export of heat exchangers to Germany.

Earlier this year, a report was produced by a Booz Allen researcher on global trends in the household appliance industry, which helped Gorenje Elektromotori (GE) a manufacturer of washing machine motors, in developing its export strategy. KPEP assisted GE in developing a business plan for new export-oriented production programs for electric motors for washing machines. The loan application made with Ljubjlanska Banka is under review.

KPEP cross-sector initiative with construction sector resulted with first transaction of VINEX Company amounted to €15,000.

5. SECTOR: DECORATIVE STONE

Sector Strategy: The core strategy was threefold: maintain contacts with quarries regarding opportunities and needs; network with current and potential investors to keep abreast of investment activity; and facilitate investment opportunities where and when feasible.

Objective 1: Better understand the potential and operating environment for the sector and be able to quickly move to support potential investment opportunities as needed

Anticipated Results

Swift and wide-ranging results are not expected. However, transactional results (e.g., investment (FDI), new market access, increased sales) will be actively pursued and one or more high-impact results are viable but nominally expected.

Activities	Status
1. Stay abreast of sector developments via media reports, local industry records, systematic contacts with quarry and stone/ceramic fabrication enterprises, and flash surveys	1. On hold
2. Pinpoint opportunities for FDI and keep abreast of investment activities	2. Ongoing

4th Quarter Progress

Due to more promising opportunities in other transactional sectors, planned activities for decorative stones have been placed on hold.

1st Year Results

KPEP has developed a greater understanding of the procedures and steps that a quarry needs to undertake in order to be attractive for FDI. Expensive pre-investment surveys and technical examinations by international certification bodies are needed. Foreign investors require preparatory reserve assessments, geo-physical surveys, and market studies to identify the value of the stone. As result of these factors, progress in this sector has been slow and KPEP did not achieve anticipated results.

As a result of this significant barriers to investors and new entrants into the market, KPEP decided to drop this sector altogether and focus resources on more promising targets of opportunity.

II.COMPONENT 2: BUSINESS SUPPORT SERVICES

The BSS component of the KPEP project is designed to ensure that there are sufficient and qualified business and technical support services to support the Kosovar economy. The component defines the term "business provider" (BSP) broadly. service encompassing private firms, partnerships, solo practitioners, non-government organizations (NGOs) and associations. The component's strategy involves the use of practical approaches to capacity building and includes direct work with project clients to ensure the transfer of skills. The BSS component also builds on past experience and successes from previous projects and works collaboratively both within the project and across the broader community.

Mid-way through the first year of the project, the component strategy was revisited after the departure of the full-time international BSS expert. This individual was replaced with a part-time international expert who makes quarterly visits to Pristina. This decision was made upon realization that other similar donor efforts were still underway, which was not the case when USAID designed the request for proposals for KPEP. The scope of the component was adjusted upon realization that donor projects in this area had

■ Success Stories ■

First Kosovo Premier Advisor Certificates Awarded

Twelve local consultants are now the first Kosovo Premier Advisors, certified by KPEP after completing an intensive training program. These certificate-holders are the first six of the 12 participants in a pilot training program. They come from various backgrounds and expertise. The Kosovo Premier Advisor training was designed to improve business plans, feasibility studies, project proposals and similar documents prepared by local consultants for various clients – private businesses, associations, donor organizations and others. The program consisted of classroom training and practical exercise.

FDI Consultant Seminar

In April 2009 KPEP organized a two-day workshop on how to attract Foreign Direct Investment and its importance in the long term economic development of a country.

Berat Abdiu (UBO Consulting) said "The workshop was a unique experience as it provided us with an opportunity to give multilateral perspective to our discussions, and also assisted us to identify and outline our strengths and weaknesses in attracting and facilitating FDI in Kosovo."

For Petrit Balija (Besa Consulting) the workshop summarized the main points that provided the know-how on the general outline of the FDI requirements. Rozeta Hajdari (R&V Consulting) said that thanks to the workshop, she now realizes "how a carefully planned FDI can provide a huge new market for the company, perhaps introducing products and services to an area where they have never been available."

Thanks to KPEP workshop and continuous training in the business providers support area, all three consultants have advanced their consulting skills and have been offered consulting work for KPEP and other organizations, thus representing a group of promising young professional consultants for the future of Kosovo's industry development.

continued, creating possible duplication of efforts. A part time international presence for this component was therefore deemed to be the most appropriate level of effort.

To support the part time international expert and to manage the day to day activities for the component, KPEP hired a full time local Business Support Specialist. This individual joined the BSS team in September and will assure sustained assistance to business service providers going forward. Before a full time local BSS specialist was hired, KPEP engaged a local short term expert for a two month period during year one to ensure that the component remained on track.

With these staffing adjustments, the BSS component has had a successful first year. Several important initiatives were launched with the goal of building the capacity of business support providers with an emphasis on strengthening individuals within the private consulting industry and business associations. The activities from year one of the project, detailed below, have laid the foundation for another successful year.



Picture 1: Workshop with local business consultants



Picture 2: Press Conference for AWPK to Macedonia



Pictures 3: KPA Training Participants

Objective 1: Support KPEP target sectors through the development of technical service providers

Anticipated Results

The KPEP model features a system whereby international experts are employed for short-term technical assistance (STTA) assignments where local expertise is lacking or less than desirable. This provides an opportunity for these individuals to be paired with a local consultant who can help manage their visit, while gaining valuable skills from the expert. Appropriate local service providers will be able to meet the type and quality needs of KPEP sectors, thus increasing the likelihood of sector results being achieved.

Activities	Status	
Support sectors in identifying local service providers	1. Ongoing	
4 th Quarter Progress		

BSS has taken the lead in partnering international STTA consultants with local BSPs who are integral to the international consultants' assignments. This "partner training" builds on existing expertise and success and helps to ensure a transfer of knowledge and skills from the international to the local consultant.

During the fourth quarter, the BSS team began to formalize and standardize an internal process among all KPEP sectors and components. The standard "twinning" process will ensure that all team members are aware of incoming STTA assignments and twinning opportunities and to ensure fair competition among local candidates.

1st Year Results

Throughout the course of the year, seven local consultants participated as partners to international consultants to expand the quality and quantity of technical service offerings by transferring skills and knowledge. These arrangements proved beneficial for both the international experts and the local consultants.

In the agriculture sector, for example, Steve Carples and Mike Clary, two international KPEP consultants, implemented an STTA on marketing strategies to enhance the market share of domestic value-added dairy products. They were paired with a local consultant who gained from the one-on-one time with the experts. In addition, the consultant facilitated the STTA, ensuring that the international experts provided the most value during their visit.

"Not only was it a pleasure to collaborate with (local consultant) on this assignment, but his contributions tremendously accelerated our productivity as STTAs. From the first hours together, (he) shared his knowledge and perspective on the dairy sector in

Kosovo, and local history/culture. He has a deep understanding of the value-chain dynamics, broad knowledge of past studies and a wide network of contacts on which relied to schedule meetings. By noon the first morning, we already had our action plan for the first week ..." – Steve Carples and Mike Clary

In another pairing in the agriculture sector, international consultants, Robert E. Lee and Andriy Yarmak were supported by local consultant, Muhamed Disha, in their audit of the Kosovo fruit and vegetable sector. The international consultants attributed the work of Mr. Disha as key to the success of their assignment.

"Our local partner "performed very well. His good experience in the (fruits and vegetables) sector and knowledge of the country, knowledge of the industry and programs of the prior KCBS and other donor projects was a big help. Also, his willingness to achieve progress for the industry was a key to the success of our assignment. He participated as a true team member ..." – Robert E. Lee and Mr. Andriy Yarmak

Mohamed Disha also benefited from the arrangement and spent valuable time with the two international experts.

"The quality and understanding of the problem by the two (STTA) international consultants was excellent. ... Discussion after the visits was part of the collaboration." – Muhamed Disha

The BSS component facilitated strategic pairings in a number of sectors, including agriculture, construction, ICT, tourism and wood. In each instance, feedback both from international consultants as well as their local partners has been positive. In year two, the BSS team will look to further refine the pairing process, ensuring that the process benefits even more local consultants.

Objective 2: Build the capacity of Kosovo business services providers to better meet the consulting and support service needs of the Kosovo private sector

meet the consulting and support service needs of the Rosovo private sector		
Anticipated Results		
Results will be indicated by improved revenue and increased employment among BSPs.		
Activities	Status	
Implement "Kosovo Premier Advisors (KPA)" training for potential trainers	1. Completed	
Implement/continue KPA association based on feasibility study completed by participants in pilot training	2. Under review	
3. Develop training skills training program for female consultants in cooperation with local trainer and pilot	3. Ongoing	
4. Develop consulting skills training		

- program for subject matter expects and solo consultants and conduct two pilots, lawyers and consultants
- 5. Support management consultants in pursuit of international certification (CMC) in collaboration with TAM-BAS program.
- 4. Completed
- 5. Ongoing

4th Quarter Progress

During the fourth quarter of the year, BSS refined the KPA Training Program, transitioning it from an intensive certification course for a handful of consultants to a series of training courses for multiple consultants lacking skills in one or more of the topic areas offered in the KPA. Those topic areas included Project Cycle Management, Financial Modeling, Marketing Analysis and Strategy, Report Writing, and Presentation Skills.

This revision to the program will ensure that the intellectual capital of the KPA is not lost and that a greater number of consultants may benefit from targeted training in their area(s) of interest and need. In addition, the courses will be delivered by graduates of the first KPA group to reinforce their learning and training capabilities.

This quarter, BSS also moved forward with preparations for training of businesswomen. The local BSS specialist has been collaborating with an international trainer identified to deliver the program. The training will address a variety of issues relevant to women in business, including strategic planning, marketing, small business development. The BSS specialist is in the process of designing the training syllabus with the international trainer. The training will also feature a successful Kosovar businesswoman. While it will be piloted in Pristina to 10-15 business women, the training may be replicated in other regions in the future.

1st Year Results

KPA Training Program – The Premier Advisor Program was delivered to a carefully selected group of local consultants in January 2009. During a check-in session with the BSS team in June 2009, the KPA participants evaluated the impact of the KPA on their careers and agreed that it has afforded them additional credibility in the market. While they were pleased with the program overall, they agreed on ways to improve training delivery in order to have greater impact on a wider number of consultants in the second year of the project. To further reinforce their experience and give them additional training opportunities, the second round of KPA programming will be delivered by participants of the first KPA pilot. Instead of one large training program culminating in a certification, the second round of training will consist of a series of training courses in the KPA topic areas and will be open to a larger number of consultants.

Professional Association for Business Consultant – The BSS team has engaged stakeholders in thoughtful dialogue on the possibility of establishing an association for business consultants. At the moment, the feeling of the BSS team is that the market is not yet mature enough to support such a professional association. However, the team will continue to review the potential in the second year of the project. This thoughtful approach will ensure that a professional association is not established prematurely and that donor resources are applied to the most valuable efforts.

Training for Consultants and Lawyers – During the first year of the project, the BSS and BEE components teamed up to deliver targeted training for general business consultants and lawyers. Participants reported back that the training was valuable, giving them critical skills

to run their businesses more efficiently.

Objective 3: Enhance the ability of associations to advocate for, communicate to and market their associations and members.

Anticipated Results

Association memberships increase when potential members perceive tangible value of belonging to an association. As that reality evolves, we also expect that association members, the relevant Government of Kosovo ministries and other stakeholders will come to have a greater understanding of the role of the associations in their industries and of their contribution to Kosovo's economic growth.

Activities	Status
Administer Association Development Index for the project baseline	1. Completed
2. Develop trade fair manual and participation training program that prepares companies to be visitors or exhibitors at international trade fairs and partner with local firms	2. Completed
3. New: Develop and deliver training to associations which participated in the Association Development Index; Develop a course which focuses on "Association Fundamentals"	3. Ongoing
4. New: Support associations from KPEP's identified transformational sectors to advocate and lobby for key policy issues in their sectors	4. Ongoing

4th Quarter Progress

During the fourth quarter, the BSS component implemented the second Association Development Index (ADI) to assess the progress of Kosovar associations as well as their current needs and areas for KPEP assistance. The ADI is an annual exercise meant to capture the evolving needs of the associations as well as their progress against a baseline assessment which was conducted at the beginning of the project.

BSS also moved forward with preparations for a multi-sector training for associations scheduled for November 2010. The "Association Strategic Planning and Leadership" training will include a two-day multi-sector training followed by one-on-one coaching sessions between the international expert and the individual associations.

In the area of advocacy support to associations, this quarter BSS collaborated with the BEE component to assist in establishing a dialogue between associations and the Government. KPEP has engaged a short term technical expert to identify key intervention points in the policy and law making process that will enable private sector entities to effectively lobby the government and impact policy. The long term goal is to develop an effective, constructive and mutually beneficial channel of communication between the business community and the Government, thereby enabling businesses to drive the reform agenda for development of an

environment conducive for business growth. BSS staff has begun to engage associations on this issue.

Finally, the BSS component also offered assistance to associations on specific initiatives. For example, BSS assisted the ICT sector on a B2B event scheduled for mid- October 2009 in Albania. The Information and Communication Technology Association (ICTA) will organize the event. In addition, BSS supported the ICTA in the selection of a company that will perform market research on the sector.

1st Year Results

Association Development Index – As mentioned above, BSS began and ended the first year of the project with the implementation of the Association Development Index (ADI), a tool used to assess the capacity of business associations. Following the implementation of the first ADI in January 2009, the BSS team held a multi-sector meeting with associations to explain the results of the ADI and discuss the best way for KPEP to support associations moving forward. (Individual results were emailed to each association after the meeting.) Bringing association leaders together provided an additional networking benefit as many individuals were meeting each other for the first time. Particularly because the ICTA association was recently formed, the meeting provided an opportunity to introduce the ICTA Executive Director. Association leaders exchanged contact information and found the meeting so helpful that they requested that KPEP hold regular multi-sector engagements which would enable them to share ideas and best practices.

The ADI was administered for a second time by the BSS Specialist at the beginning of October, 2009. The median score increased from 1.59 in January 2009 to 1.65 in October 2009. This modest improvement reflects the work of KPEP and others working to enhance the capacity of business associations. The effort of the BSS component to include the relevant KPEP sector specialists in capacity building for associations has magnified this effort, ensuring that associations receive reinforced support from KPEP. BSS will ensure this model moving forward, reinforcing associations through KPEP sector activities.

Individual results by association from each implementation of the ADI are reflected below. In each instance, the results revealed a communications gap between associations and their stakeholders, especially their members. This is an area which will be targeted in the upcoming training for associations scheduled for November 2009. A full report on ADI results has been prepared under separated cover. BSS will use these results to shape activities intended to help associations address these identified gaps.

Figure 1: Association Development Index (ADI) Results: January 2009

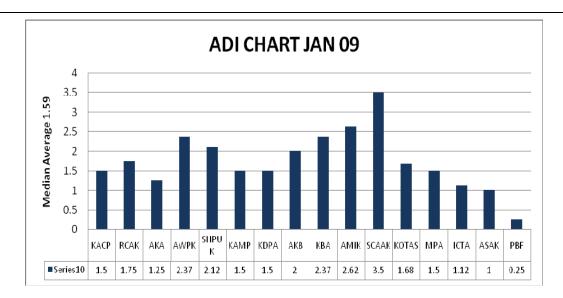
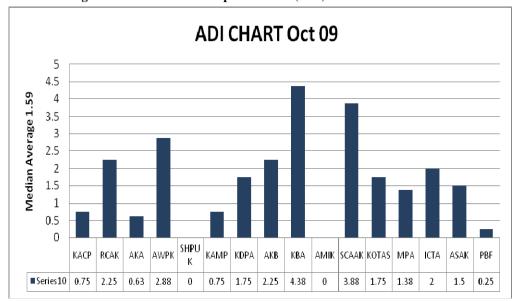


Figure 2: Association Development Index (ADI) Results: October 2009



Trade Fair Manual – The Wood Association referenced the completed trade fair manual, available both in English and Albanian, during their trade fair activities. KPEP intends to create an accompanying training module for all associations planning on attending future trade fairs.

Individual Assistance to Associations – During the first year of the project, when it became clear that in addition to multi-sector activities, associations would most benefit from targeted assistance, BSS developed work plans for each of the transformational sectors (agriculture, construction, dairy, ICT, and wood). As a result, the BSS team has seen increased engagement from association leaders, who are anxious to receive targeted, one-on-one assistance from KPEP. The presence of a full time local BSS specialist has enabled regular meetings between the component and association leaders, also contributing to the enhanced engagement of the associations. The work of the first year of the project, including the ADI results, have positioned BSS to work with the association leaders and the relevant KPEP

sector specialists to ensure that work plans are refined and implemented in Year 2 of the project. This will ensure that associations make progress in targeted areas.

III.COMPONENT 3: BUSINESS ENABLING ENVIRONMENT

The strategy of the BEE Component continues to focus on being highly responsive to the specific competitiveness requirements of the project. The Component highly flexible to changing circumstances in the legal and regulatory As planned, most effort is environment. reactive to significant and immediate legal/regulatory barriers to KPEP-related transactions, and rapid development of implementation and enforcement of critical laws and institutions. While particular emergent circumstances often require tactical adaptation, the overall strategy of the BEE Component remains the same as planned at the beginning of the project.

Because of the critical importance of assisting with growth in Kosovo exports, BEE has placed additional emphasis on work with regional trade and export facilitation.

■ Stakeholder Insight ■

"The workshop was a unique experience as it provided a multilateral perspective to our discussions, and also assisted us in identifying and outlining our strengths and weaknesses in attracting and facilitating FDI in Kosovo."

Berat Abdiu (UBO Consulting)

[..] "The 2-day seminar gave me an invaluable roadmap to continue my legal in order to deliver more qualitative services to local and international clients. My attention was drawn by the necessity of producing a business plan in our small law firms. I have always thought that such plan should be produced by the owners of big corporation and not for us, lawyers from Kosovo, because "we know everything and wait for clients to knock on our door or reed our website when they are in need of a Kosovo lawyer". You made me understand it is WRONG! If I want to achieve my plans in organizing a real partnership with several "expert" lawyers, the first step: A business plan and a partnership agreement.

Albert Islami, Lawyer



Picture 1:Kosovo lawyers attend BEE training



Picture 2: Training local consultants



Picture 3:FDI training in Pristina

Objective 1: Support KPEP target sectors through achievements in the Business Enabling Environment.

Anticipated Results

Targeted Sectors will be efficiently supported through sector driven interventions, analyses, and capacity building.

and ca	and capacity building.				
	Activities	Status			
1.	Assist in resolving the potato revaluation issue on potatoes exported from Kosovo to Albania	1. Completed			
2.	Review and commentary on Draft Food Law	2. Completed			
3.	Review and commentary on Draft Construction Law	3. Completed			
4.	Draft recommendations on Architect and Engineer Licensing regime	4. Completed			
5.	New: Review of the Forestry Tendering Process	5. Completed			
6.	Draft recommendations in collaboration with AWPK on discontinuation of certain import tariffs	6. Completed			
7.	Review of overlapping laws in forestry sector	7. Ongoing			
8.	Review and commentary on draft Law on State Domain and made recommendations on alternatives	8. Ongoing			
9.	New: Regional Excise Tax Study	9. Completed			
10.	Commentary and recommendations on amendments to draft law on Tourism. Recommended private sector stakeholder consultation	10. Ongoing			
11.	Review of Laws and Regulations related to Recycling – E.g., Collection and Transport of Waste.	11. Completed			

4th Quarter Progress

In the fourth quarter, the KPEP BEE team continued to dedicate most of its efforts to resolving specific barriers confronting the sectors in which KPEP operates. Important examples include the comments provided on the draft Tourism Law and the review of the forestry tendering system. Ultimately, the objective will be to achieve the redrafting of the tourism law and the development of a better, more efficient system for forestry tendering.

1st Year Results

The KPEP BEE Component remains on target in its objective of supporting the KPEP sectors through targeted intervention. While the approach has remained the same through the year, the tactics as regard each sector have occasionally changed. This reflects changes in project targets and opportunities. Some efforts have been discontinued before major resolution has occurred, such as in recommendations on changes to the Waste Law, because more efficient approaches have been discovered or KPEP's participation in the sector has changed. At the same time, new efforts not identified at the beginning of the year, have been adopted and completed. These include the work we are doing with excise taxes and import tariffs on raw wood materials.

Objective 2: Facilitate improvement in competitiveness indicators through targeted achievements in the Business Enabling Environment.

Anticipated Results				
Competitiveness indicators will improve				
	Activities	Status		
1.	Update the 2007 Commercial Legal Institutional Reform (CLIR) Kosovo Indicators	1. Completed		
2.	Complete the first stage of contracting capacity building programming by drafting several contracting "briefers" as a part of materials for trade show participants	2. Completed		
3.	Support opportunities for Public- Private Partnership	3. Ongoing (pending promulgation of PPP Law by the President)		
4.	Implement Business Consultant Training Program in collaboration with the KPEP BSS Component and ABA-CEELI	4. Completed		
5.	Organize Legal Ethics Roundtable for lawyers with Judge Advocate General (JAG) team from Bondsteel	5. Completed		
6.	New: first draft of the Legislative Intervention Roadmap and Advocacy Strategy	6. Completed		
4 th Quarter Progress				

The highlight of the fourth quarter was the preparation of a draft of a legislative intervention roadmap that will be used as a guide to advocating for specific legal and regulatory reforms. Intended as an overlay to the USAID Legislative Drafting Manual, the Roadmap identifies points in the drafting, debate and passage of laws that are appropriate for private sector or civil society involvement. It also outlines an advocacy strategy.

1st Year Results

The vast majority of the work accomplished under this objective has been broad enough to have potential effect on the business environment generally. We chose major cross-sector bottlenecks in the legal and regulatory system, focusing mainly on implementation and capacity building, and tailored approaches that were able to maximize KPEP's capacities and also target real and manageable needs.

Objective 3: Assist key public and private entities to understand rights and obligations under existing bilateral and regional trade agreements, comply with the terms of such agreements, and be able to assert and defend rights and privileges created by the agreements.

Anticipated Results

What begins with Kosovo's acceptance of the terms of the Central European Free Trade Agreement (CEFTA), and the promulgation of a simple trade policy, must ultimately result in growth in exports and in industries dependent on raw materials imports. The goal is to improve understanding of agreement and improved ability to assert rights and undertake obligations. Without trade, growth in Kosovo will be stunted at best, absent at worst.

Activities Status

1. CEFTA related work and Capacity Building

1. Ongoing

4th Quarter Progress

The first steps in the resolution of Kosovo's trade problems are recognition of the importance of trade, and an understanding that CEFTA, though complex, is a tool for growth rather than an obstacle to trade. KPEP has begun to achieve this recognition both in the private sector and among those government institutions that are relevant to trade. Though much of the work KPEP has done in trade in year one has focused on political resolution to issues resulting from Kosovo's "trade war" with its neighbors, a clear message has been sent – and received by the GoK – that becoming savvy in accepted trade practices is important. Our next step is to begin building the necessary capacity.

1st Year Results

Though Kosovo has developed a reasonably sound trade policy, pursued its membership in CEFTA, and expressed a desire to trade efficiently with partners in the region and beyond, very little has been done to achieve higher levels of regional trade by utilizing the one tool that has been introduced specifically with this purpose in mind. Kosovo neglects its responsibilities under CEFTA in two ways. First, Kosovo raises trade barriers in direct violation of CEFTA; and, second, it remains at a low capacity for fully understanding the opportunities CEFTA provides. In other words, by continuing to ignore CEFTA's complexities, Kosovo is unable to use the agreement as a trade facilitator it is designed to be. KPEP continues to be ready to assist the GoK in CEFTA and other trade-related capacity building. In year one, KPEP established good relations with the Trade Office of the Ministry of Trade and Industry, the Customs Authority, the Ministry of Foreign Affairs, and other trade relevant institutions. We provided advice on specific trade issues, and in doing so emphasized trade capacity building and CEFTA as potential drivers for growth in exports and revenues. The project is now well situated to provide more generalized CEFTA training in the Ministry of Trade and Industry, Customs, and the commercial legal community.



Objective 4: Support increased foreign direct investment

Anticipated Results

KPEP's goal is to attract foreign direct investment (FDI) across the entire spectrum of its sectors. This is an ambitious proposition, given the image that Kosovo has in the world, the international financial crisis, stiff competition from neighboring countries, and the fact that the Government of Kosovo neither offers an attractive incentive package to potential investors nor has it created a competent promotion agency. However, Kosovo has had some success already in attracting foreign investment and we will build upon and leverage this experience to identify and promote specific investment opportunities. Our strategy for FDI includes work on supply, identifying and preparing investment ready companies, demand, developing a network of potential investors, and intermediation, finding cost effective ways to getting the parties together. Our goal in the first year is to improve understanding and awareness of the potential beneficial role FDI can play and to help the local business community better understands the requirements of a potential foreign investor.

Activities	Status
1. Organize Foreign Direct Investment Workshop	1. Completed
2. Prepare investment briefs for high prospect local firms	2. Ongoing
3. Identify and network with potential investors particularly from the Diaspora community	3. Ongoing
4. Support specific investors	4. Ongoing

4th Quarter Progress

Progress in the 4th quarter was less than satisfactory. There were a number of initiatives, but a lack of concrete results.

After the FDI workshop held in April, KPEP encouraged consultants and companies who had attended the workshop to cooperate on a commercial basis (in part supported by KPEP) to develop investment briefs. To date, only one such brief was received by KPEP. We have asked for revisions, before a final decision will be made on whether the brief should be disseminated to our partners in the NAAC and ECIKS. This program, which was offered to 8 consultants and over 15 companies, did not get off the ground. We assume that the financial support offered by KPEP was considered insufficient by the partners, and the prospect of identifying an investor too remote. However, as we already heard during the April workshop, while companies would like to receive an influx of capital, they are not willing to give up control in return. This attitude is a serious barrier for potential investors.

KPEP continued its conversations with the NAAC, who offered to bring Diaspora businesspeople to Kosovo over the summer. KPEP in turn offered to host meetings for them. However, NAAC did not follow through on its offer.

KPEP undertook research on the viability, costs, and financial returns of the establishment of a vegetable collection center in the Prizren area. Anticipated required investment is just over €1 million, anticipated returns almost 30%. This concept was presented to local stakeholders, including banks. We have also offered to present it to the NAAC.

Realizing the potential of Turkey as a source of investment, KPEP established contact with the Turkish Chamber of Commerce and the Turkish Embassy and agreed to exchange information. KPEP also drafted a SOW for an investment advisor to come to Kosovo an identify investment opportunities (existing concerns and greenfield) for potential investors from Turkey. The advance work for this intervention, which will begin in the middle of October, has begun through a local consultant. We expect from this intervention a number of investment briefs that we can then disseminate to the Turkish investment community as well as our existing network.

KPEP has offered our help and expertise to IPAK, whose current partner, SOGES, will end its mandate on September 30.

We are also working with Bechtel, who is a contender for the implementation of the Pristina – Prizren highway, to be awarded later this fall.

KPEP has offered to host a session on foreign direct investment as part of a training offered by USAID implementer DAI, which runs a capacity building program for the Ministry of Foreign Affairs. 50 new embassy hires will undergo this training, which will be held by ECIKS from Vienna, together with KPEP and some of its specialists discussing prospects in their industries. Preparations are under way. The seminar is planned for October 13.

1st Year Results

Foreign direct investment plays a pivotal role in achieving growth in the economic jobs. Therefore, investment promotion is an important objective of KPEP. There are many good reasons to invest in Kosovo, the world's youngest country: a central location in the region, a young, entrepreneurial workforce, low labor costs, national treatment for foreign investors, modern telecommunications, a low tax burden on enterprises, EU compatible legislation, a sound banking system, and free access to EU-market and CEFTA members markets. At the same time, Kosovo continues to face challenges such as a poorly diversified, inward looking economy focused primarily on imports of construction and consumer goods, high dependence on foreign aid and Diaspora remittances, high unemployment levels, an inefficient judicial system, an aging infrastructure, and unreliable electricity supply. It is noteworthy, however, that a number of Kosovo's challenges, such as the high unemployment and foreign aid, may also present opportunities for investors.

KPEP has found that the initial challenge is in identifying investment ready companies that can be attractive investor targets. Progress has been slow as can be expected given the small size of the local economy and depressed state of foreign investment worldwide. Few tangible results have been achieved to date.

KPEP is in ongoing communication with ECIKS and IPAK, AMCHAM, other Kosovo stakeholders and international donors, and the NAAC in the US, to exchange information and to identify opportunities.

In April, KPEP organized a foreign direct investment seminar, presented by an international investment adviser and broker. 35 company representatives and consultants attended the workshop, learning about what to expect from a foreign investor, and what information to prepare and make available to them. KPEP encouraged consultants and companies to cooperate in the investor search, offering a small financial incentive. However, this initiative did not yield the desired results. To date, only two MOU's were signed, and the work not progressed past the due diligence stage.

Also in the spring, KPEP was contacted by a group of potential investors from Wisconsin, who planned to start a model dairy farm in Kosovo. However, after a fact finding visit, the plans were put on hold.

In September, KPEP prepared for two activities scheduled for the fall: a presentation to new employees of the Ministry of Foreign Affairs, who will be deployed to new Kosovo embassies overseas, on the importance of promoting Kosovo as a business location, and gathering information on investment opportunities in advance of the assignment of an investment advisor whose task it will be to identify investment opportunities for Turkish investors.

In sum, while KPEP undertook a number of initiatives, to date, there have not been tangible results. We anticipate that the groundwork laid in this first year will yield more concrete opportunities in year two.

IV.COMPONENT 4: WORKFORCE DEVELOPMENT

Improving the competitive position of Kosovo business firms and sectors through human resource development is the aim of the workforce development component of KPEP. A skilled workforce will be required in order to support the kinds of changes involved in embracing global and regional competitiveness. New technologies, quality management, valueadded processes and procedures, and connecting to new markets in the region and in the world will all require new and different skills in the current and future workforce. New systems to prepare future workers, provide practical skills for secondary and university students, and to connect the unemployed to current jobs and even to new professions will be needed.

Following extended planning activities in the first quarter of year one, KPEP is now developing both immediate, short-term activities, and longer-term, system building

■ Success Stories ■ Business and Economics Internship

Ten students from University of Pristina and American University of Kosovo were placed in different institutions such as Ministry of Economy & Finance, Ministry of Trade and Industry, Kosovo Customs, Chamber of Commerce and KPEP. This internship provided an opportunity for students to apply classroom learning to the work place and acquire practical employment experience while discovering their major field of interest.

"Thanks to the KPEP internship project, I had the opportunity to work for the Ministry of Economy and Finance, Department of Municipal Budget as a municipal budget analyst," said Qendresa Morina, one of the 10 students selected out of 94 who applied for the business and economics internship supported by KPEP, and implemented by WUS Austria.

Job Fair in Peja

KPEP organized a Job fair in Peja for more than 55 participants: wood processing companies, members of the Wood Processing Association offered jobs and internships to senior/graduated carpentry students looking for employment. Four of the participating companies offered more than 10 internships with possible employment if students are successful in the probation period.

priorities in the workforce development arena. These priorities lead to two types of activities: **sector–focused** training, often very concrete, demand-driven skills development with firms or associations in individual KPEP sectors, and **cross-cutting** initiatives – still focused on KPEP key sectors, but potentially involving more than a single sector.

Workforce Development Specialist Vjosa Mullatahiri began work in early March 2009. A revised Work Plan for workforce development activities was developed and reviewed by KPEP leadership, then approved in late March by USAID. In June KPEP proposed the engagement of international expert Erik Butler of Human Investment Institute LLC in Boston to lead the effort on a recurring basis. The basic strategy being followed in year one engaged activities in five core objectives:

- Supporting priority KPEP sectors through effective training and other activities;
- Institutionalizing workforce programs that increase the capacities of workforce development organizations;
- Improving Kosovo public training programs to make them more responsive to industry needs, and to be more practical and experiential;
- Assisting selected training/other institutions to create new improve service offerings and to improve existing programs;
- Taking measures that increase the entrepreneurial skills of youth.



Picture 1: Job Fair in Peja with VET carpentry students and wood processing companies



Picture 2: Qendresa in her work place



Picture 3: Business and Economics Intern reception

Objective 1: Supporting KPEP sectors to create effective training and other programs

Anticipated Results

Programs for *future workers* and for *current employees* characterize KPEP's sector-targeted workforce development. *Future worker* programs include <u>internships</u> for university and secondary students, with placement in sector firms, and <u>job fairs</u>, which provide opportunities to match employers' job openings with prospective candidates. Programs for current employees in our targeted sectors contribute to firm and sector competitiveness by upgrading the general and technical skills of their current workers. We see the beneficiaries of these programs to be both the *employees* (who gain skills to upgrade their current performance and increase job mobility) and the *employers* (whose productivity may be expected to increase as their employees master new skills and new technologies. Results will be measured by successful implementation and customer satisfaction in the short run, and increased productivity, increased sales, and added jobs in the long run.

productivity, increased sales, and added jobs in the long run.				
Activities	Status			
Dairy Internship Program	1. Completed			
2. Feasibility study for internship program with Road Construction Assoc. and Kosova Assoc. of Architects	2. Under development			
	3. Completed			
3. Job Fair in Peja with wood and furniture-related firms	4. Planning begun for 1 st Quarter			
4. ICT Job Fair with ICT Companies	implementation			
5. KAG Asphalt scholarship program	5. Completed			
6. Training in Kiln drying for wood used in furniture construction	6. Completed			

4th Quarter Progress

Agriculture:

The Dairy Internship Program, which placed 12 interns in dairy production and processing firms, concluded successfully, and was evaluated as beneficial for all 5 participating dairy processing companies This internship established the model for other internships to come.

Construction:

- Board members of the Road Construction Association of Kosovo have expressed their interest in an internship program for students from the civil engineering and architectural faculties of the University of Pristina. This program has been developed for Spring 2010 launch, as winter is a slow period in the industry. RCAK will manage the program with KPEP's support as a value added service for the association to provide for its members.
- The KAG asphalt company approached KPEP to request assistance in developing a new scholarship program for 25 second-year civil engineering students at the University of Pristina. KPEP has assisted in design of the program and procedures for recruitment and application, and developing the selection criteria for interested candidates. The selected students will be targeted for internship recruitment in a future program with producers of construction materials.

ICT

- The ICT association and member companies have proposed a slightly different approach to a job fair than the earlier wood processing fair The ICT fair will add elements including training for Human Resources managers on writing job description, legal requirements, model job contracts, developing sound employment policies, and conducting job interviews. As suits an ICT project, there will be online announcement of job vacancies in the ICT sector; preliminary matching online between openings and candidates. For candidates there will be training on presentation skills and interviewing, leading up to the actual interviews during the Job Fair.
- The RFP for the ICT job fair was approved internally by KPEP and released with an October 5 deadline for submission.

1st Year Results

Programs for future workers and for current employees have been solidly established in KPEP's sector-targeted workforce development. Future worker programs have included internships for university and secondary students, with placement in sector firms. The dairy internship was launched in the third quarter. During the fourth quarter KPEP piloted an approach to internships or employment for senior students in vocational education centers, again linked to targeted sectors. Both short-term results and long-term results are anticipated from this sector-related training. For example, while as many as 12 dairy interns may be expected to be hired by dairy processing firms, the internship is also seen as a pilot for internships in other sectors. Construction and wood products sectors are the next targets for expanded sector-related internships, with tourism to follow. We expect to expand the dairy internship, and to place 10 interns in each of the other sectors as negotiations mature with business organizations in those sectors. Current employees with jobs in our sectors will, in many cases, require skills upgrading. The training given this year in kiln drying in the wood sector is a good example, and plans are underway for similar programs in other sectors. We see the beneficiaries of these programs to be both the *employees* (who gain skills to upgrade their current performance and increase job mobility) and the employers (whose productivity may be expected to increase as their employees master new skills and new technologies. Specifically,

■ The Dairy Internship Program, which placed 10 interns in dairy production and processing firms, was evaluated as beneficial for all 5 participating dairy processing companies. The survey respondents cite improvement in milk quality in participating firms, better information about modern methods and about the dairy field, and better

- understanding of hygiene practices. Due to such tangible benefits, most participating companies are considering hiring their interns full-time and are interested to participate again, in some cases sharing expenses.
- Internship procedures -- established through the Dairy pilot -- will be expanded and adapted as needed to other sectors early in year two. While 30 Interns were successfully placed in year one, expansion into ICT, construction, wood production and tourism is foreseen for year two for at least 70 interns in five sectors.
- The Job Fair approach developed through the wood products pilot will be repeated in year two, and expanded to other sectors, beginning with ICT. The intermediate outcome of 10 internships offered by wood products companies should be expanded to a larger number in wood and other sectors, and lead to long-term employment for some interns.
- Training in kiln drying and other techniques for preparing wood for use in furniture manufacturing was completed, and a subsequent training is planned for furniture design. This training is to be offered to VEC's and VTC's with carpentry and woodproduction programs.

Objective 2: Institutionalizing Kosovo workforce programs that increase capacities of workforce development organizations

Anticipated Results

KPEP's strategy is to develop and pilot programs initially, in collaboration with firms in our targeted sectors, in order to demonstrate their viability, then to offer them in active collaboration with local Kosovo education and training institutions. The aim – both in the pilot and the institutionalizing phases -- is the same: to deliver high quality training programs aimed at building critical skills in selected sectors on an ongoing basis. The goal is to make such training available at scale through institutional adoption. In that phase, KPEP will shift to a capacity-building activity, and away from direct service delivery. The initial activities involved curriculum development in two areas: furniture design, and food safety, with new initiatives planned in ICT and construction.

nitiatives planned in ICT and construction.					
Activities	Status				
Initial discussion with MEST and MLSW for developing a Furniture Design Curriculum for Technicians (secondary level)	1. In development				
2. Initial discussion for including HACCP course into curriculum at the VET (secondary level agricultural school and/or Life Long Learning program	2. In development				
3. Initiating ICT Vendor training certification program about Linux, MySQL, Apache, PHP	3. Ongoing				
4. Assessing possibilities for International Certification Program for Welding and other technologies with KEK Training Center	4. Ongoing				

4th Quarter Progress

Forestry/Wood products and Agriculture:

• KPEP introduced the idea for furniture design curriculum for technicians, and a HACCP course in food safety standards and procedures, to the Director of VET Division Ms. Valbona Fetiu, Director of VTC Division Ms. Jehona Namani and to the Head of the Council for VET curriculum Prof. Sabri Tahiri. The idea was well accepted and the council was open to ideas for new profiles that will address labor market needs. Plans to design Skills Gap sector survey and to develop modular courses in these two areas were included in year two work plan for the Workforce Development.

ICT:

 Workforce Development and the ICT sector staffs have developed an RFP for an ICT Vendor Training Certification Program for Linux, MySQL, Apache, and PHP. The purpose of this training program was to respond to expressed market needs through increasing the capacities of domestic companies/association to offer internationally certified training. Four companies have expressed interest to bid for providing this training to interested incumbent and future workers in Kosovo ICT firms.

Construction:

• The publicly owned utility KEK has developed (with EAR support since 2003) a significant employee training facility and training program in several technologies, including ICT, materials forming (especially welding) and other construction-related fields. KPEP is assessing the possibilities to work with this Training Center both to offer internationally recognized trainings for welders as well as practical, hands-on internship/practicum opportunities for senior university students and vocational secondary school needing practical applications experience.

The Training Center is state-of-the-art, and the curricula appear sound. KPEP understands that it will not be privatized, but will remain part of the publicly-owned facilities. The bottom line is that it is an excellent, but under-utilized capacity in workforce development. KPEP will continue to assess the possibilities for collaboration

1st Year Results

- A strategy has been developed for KPEP industry-based curriculum to be adapted and introduced into VEC and VTC courses as modules for instruction. This is a multi-step process, beginning with industry-based work, so the results in terms of VEC or VTC implementation will not likely be seen until the fourth quarter of year two.
- Similarly, the integration of internships into the regular human resource strategies for targeted-sector firms has begun in partnerships with university faculties, who in turn need to plan for internships as a regular part of their curriculum. The approach is for KPEP to lead and coordinate this effort through concrete pilots between industry associations and firms in our targeted sectors, and seek to expand and institutionalize on both "sides" of the partnership.
- KPEP has begun in year one to develop working relationships with a number of current Kosovo education and training institutions particularly VECs for secondary vocational students, VTC's for adults and unemployed. As tangible opportunities arise for employee training, curriculum modernization and institutional adoption from our work with targeted sectors, these will receive special attention from KPEP's workforce development component.

Objective 3: Improving training programs to make them more responsive to industry needs, and to be more practical and experiential

Anticipated Results

Graduates of universities and of secondary schools lack hands-on experience in their fields of study and future employment sectors of choice. KPEP's initial strategy, as outlined above, is to create systems of internships for university graduates in our targeted sectors. As these develop – initially as pilots – they will be expanded, and new sectors targeted. As this develops, we will undertake the development of internships for secondary graduates – especially from VET schools with programs in KPEP priority sectors. Initially, in this first full year of the program, only university students will participate. 3rd or 4th year university students will be trained through internships or special competitive events, and it is anticipated that many will be hired in the sectors – even in the particular firms – where they have served internships

Activities	Status
 Support the Business Case Challenge through sector activities 	1. Completed
2. Conduct pilot business and economics internship program	2. Completed

4th Quarter Progress

- The Kosova Business Case Challenge which began in the third quarter, but concluded during this quarter with presentations by four students in Austria involved fourteen university students in a competition in business planning and presentation. Eight students, under KPEP sponsorship, presented business plans for exporting wood products made in Kosovo to the local jury members comprised of KPEP and business representatives. As an unanticipated benefit, three more competitors have continued successful internships with MDA and Raiffeisen Bank. This program will be modified based on experience, and repeated as an activity of the entrepreneurship project.
- Ten interns (7 males, 3 females) were placed in five host institutions: MEF is hosting 5 interns; MTI is hosting 1 intern; Kosova Customs is hosting 2 interns; The Chamber of Commerce is hosting 1 intern; and KPEP WfD component is hosting 1 intern. Every intern has his/her supervisor. The interns provide weekly plans and monthly reports for their activities and achievements, which are monitored by WUS Austria and evaluated by their supervisors. The evaluations indicated that supervisors are very satisfied with interns' work. Students also expressed satisfaction with the working experience in the internship. Several are likely to be hired for full-time positions in their host organizations. A well-attended reception gave students an opportunity to present their work and report on their experiences.

1st Year Results

In this first year, one internship program (in Dairy – see above) and one competitive event have been delivered, and a second internship program has been launched. A total of 30 interns have participated – 10 in dairy, 10 in wood production (outcomes from the Peja Job Fair), and 10 more in the Ministry of Economy partnership for business and economics interns. We view the internship as a vital, experiential part of students' education. Our experience and expectation is that students who have been successful interns will also be greatly advantaged as they seek full-time employment. A successful development of internship programs in (and associated with) KPEP's targeted sectors shows promise with the

initial 3 groups of interns, and will be expanded from 30 to at least 70 in the coming year. For purposes of future reporting, the internship activity will be wrapped into another workforce development category, and the business case planning activity, possibly to repeat in 2010, will be connected to the KPEP entrepreneurship work, and will likely involve an increased number of competitors, and more of KPEP's targeted sectors.

Objective 4: Assisting selected training/other institutions to improve service offerings and existing programs

Anticipated Results

Job counseling entails helping trainees gain a better understanding of themselves in relation to the world of work. Resultant insights help job seekers make informed decisions and achieve employment ambitions. To this end, KPEP intends to assist trainees with vocational choice, change and adjustment, provide guidance to reduce barriers to employment, disseminate essential labor market information, provide information on occupational requirements, provide assistance on job search and CV preparation, provide coaching to job seekers for job interview preparation, conduct employability workshops and soft-skills trainings, and provide employment follow-up and aftercare. The end result sought is jobs for youth. These results will be tracked on an intervention-by-intervention basis. Two initial approaches under development are Job Fairs and municipally-based youth employment

Activities	Status
Job Fair for Carpentry VET and Marketing for Carpentry VET in Peja	1. Completed (see Objective 1)
2. Conduct feasibility study for creation of YES Programs with targeted sectors and targeted municipalities.	SOW prepared, KPEP funds approved, STTA identified, and study scheduled

programs (YES – Youth Employment Services).

4th Quarter Progress

- The KPEP Intern conducted site visits in six candidate municipalities and met with different stakeholders to collect the information needed for drafting municipal profiles for every municipality considered as a candidate for YES programs.
- Municipal profiles for Deçan, Drenica, Gjakova, Prizren, Kamenica and Vushtrri and lists
 of relevant contacts were prepared and sent to the STTA engaged to carry out the
 feasibility study early in the first quarter of year two.

1st Year Results

Described above, Job Fairs are a tried and true technique for introducing employers and job-seekers to each other, face-to-face. In this first year of operation, KPEP created its first pilot, focused on carpentry and wood manufacture, in Peja. This successful initial venture suggests that future Job Fairs – in other sectors and in other regions would be similarly successful. (Note that the Job Fair Activity is reported under Objective 1, and is linked to the "support of KPEP sectors")

Already conceived as part the Kosovo Youth Action Plan of the Ministry of Culture, Youth and Sports, municipal-based youth centers may prove to be a good venue for a second significant complementary activity of KPEP: Youth Employment Service (YES) programs. Discussed at length with officials from the Ministry, this idea also grows out of similar experiences in several European countries and the United States. YES model for employment services for young future workers was researched and modified to fit Kosovo

context, and KPEP competitiveness and sector strategies.

As noted in the fourth quarter summary, KPEP has approached this development with care. A scope of work for a feasibility study for proposed YES (Youth Employment Service) programs was developed. The feasibility study will consider the design features and implementation considerations of establishing YES programs in two municipalities from a list of six candidates where KPEP-focused sectors are significant among local employers.

Objective 5: Taking measures that increase the entrepreneurial skills of youth

Anticipated Results

In a stagnant economy with few jobs available in the formal sector, one approach to job creation is through the support of entrepreneurship and enterprise creation. KPEP's program, the Pilot Entrepreneurship-Micro-Enterprise Training Program, is our first effort in this field. A request for proposals was issued to select an implementing partner for the program and the Business Support Center Kosovo selected from among five bidders. We anticipate the program will:

- train an initial cadre of 50 youth, 18 to 30 years of age, who can acquire the knowledge and skills required to either start-up or re-organize/improve a small business, or find meaningful employment in an ongoing business enterprise;
- increase the efficiency and effectiveness of NGOs or Municipal Governments by hosting programs implemented by external entities;
- increase capacities of local hosting institutions, by creating a "model" that might be adopted by other municipalities.

Activities		Status
1. Entrepreneurship training two pilot municipalities	program in	1. Launched in year one; ongoing through 1 st and 2 nd Quarters of year two.

4th Quarter Progress

- Business Support Center of Kosovo (BSCK) was the winning bidder of the RFP for the Entrepreneurship training program announced on June 30, 2009.
- BSCK, provided KPEP with proposals for selecting two municipalities out of six candidate municipalities where the Entrepreneurship training will take place.
- Two MOUs were signed between BSCK and hosting organizations of each municipality. Two new partnerships were established.
- The deliverables of the first phase of the project were submitted.

1st Year Results

The entrepreneurship model was developed and launched in year one, for initial implementation in year two, beginning in the first quarter. An initial class of young entrepreneurs will be recruited, trained, supervised in business plan development, and coached in follow-up. Two sites have been selected from six candidates and training will begin in Prizren and Drenas in November, where hosting institutions have signed MOU's with implementing partner BSCK. Development of the entrepreneurial training program is progressing well.

V.MANAGEMENT AND OPERATIONS

A. Performance Based-Management System

1. Summary

In the first year of the program implementation, KPEP achieved significant growth in sales, investment, and full time jobs. KPEP saw a €13.4 million increase in sales, surpassing the original target of €8.0 million. Investment growth has been remarkable as well, reaching €9.6 million, or three times the target increase of €3.2 million. KPEP-assisted companies added 316 full time equivalent (FTE) jobs. While this is still below the target increase of 808 FTE jobs, it stands in positive contrast to the 40 percent unemployment persistent in the Kosovo economy and between 1.4 and 2.8 percent increase in unemployment across Central South East Europe and the CIS region. KPEP's positive growth figures are especially notable when viewed in the context of Kosovo's struggling economy and the worldwide economic decline. Compared to the previous year, Kosovo has a slight increase in GDP growth of 3 percent which is below the targeted increase of 11 percent. At the same time, KPEP enterprises have achieved a 23 percent growth in sales comparing with same period of previous year.

Progress to Date Highlights					
	Target	Actual	Performance Evaluation		
Increase in sales ¹ , million Euros	8.0	13.4	1		
Increase in investment, million Euros	3.2	9.6	1		
Increase in exports, million Euros	-	14.2	1		
Increase in number of full time jobs ²	808	316	Ţ		
Number of enterprises assisted in KPEP database	61	47	Ţ		
Number of business services providers (BSPs)	20	15	J		
Number of people trained	700	1,620	1		

While the unemployment rate has remained unchanged in Kosovo averaging 40 percent, KPEP enterprises have achieved 27 percent growth.

The growth rates are not distributed evenly throughout KPEP sectors. The construction sector responsible for the majority of gains in sales (59%), investment (79%), and full time jobs (79%). The agriculture sector has seen noteworthy achievements investment grew by 9 percent, employment increased percent, and sales reached 25 percent increase. Other sectors have performed well - the ICT sector saw 11 percent growth in sales. The Forestry and Wood recorded sector increased investment by 12 percent, and

tourism sector has experienced a significant increase in employment. BSP component has surpassed its employment growth target by creating 23 FTE jobs.

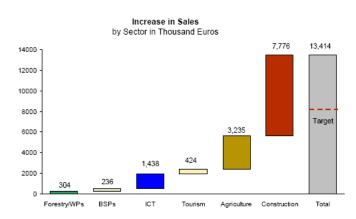
¹ This figure combines sales increase in targeted sectors and BSPs.

² This figure combines FTE jobs increase in targeted sectors and BSPs.

	cators

Indicator	KPEP	Kosovo	Central and South East Europe & CIS	Developed Economies and EU	World
Sales/GDP Growth ³	23%	3%	-5%	-3.6%	-1.3%
Trade/Export Growth4	2,792%	-33%	N/A	-12.1%	-13.5%
Foreign Direct Investment ⁵	0	-30%	-46% q1	-46% q1	-44% q1
Unemployment Rate ⁶	N/A	39-41%	10.8-12.1%	7.4-9.0%	6.5-7.4%
Employment Growth ⁷	27%	3%	-1.4-2.8%	-1.3-2.7%	0.0-1.0%

2. Sales

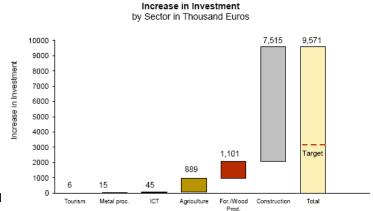


The construction and agriculture sectors are the main contributors to growth. The sales main contributors of this increase are four construction companies: Eurokos, KAG Asphalt, Bejta commerce and Lin Projekt, and two agribusiness companies: Pestova and Abi. These six companies recorded the highest increase in sales and are responsible for almost all of the growth of KPEP sales. After the first year of project

implementation, KPEP has achieved a 23 percent growth in sales. This is in positive development considering the global recession: 5 percent decline in GDP in Central and South East Europe and 1.3% decline in worldwide GDP.

3. Investment

The construction sector drive the continues to investment growth for KPEP representing 79 percent of the program's investment increase. Seven companies in the construction industry account for the investment; Eskavatori, Renelual Tahiri, Lin Projekt,



³ Source: IMF, World Economic Outlool data

⁴ Source: IMF, World Economic Outlook, May 2009; Statistical Office of Kosovo, August 2009; KPEP data

⁵ Source: UNCTAD, World Investment Report, 2009; Central Bank of Kosovo, June 2009; KPEP data

⁶ Source: ILO, Global Employment Trends Update, April 2009; Ministry of Labor and Social Welfare, July 2009; KPEP data

⁷ Source: ILO, Global Employment Trends Update, April 2009: Ministry of Labor and Social Welfare, July 2009; KPEP data

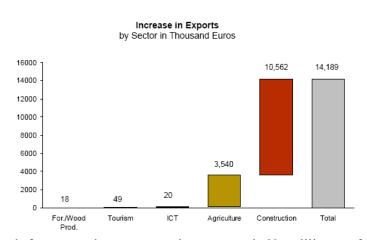
Fitorja Graniti Papenburg & Adriani and Lesna. Investments made by these companies represent 76 percent of the total value of investments of all KPEP enterprises.

Following the ten construction firms, Etlinger, a fruit and vegetable company, is number eleven on the list of the largest contributors to investment growth.

No FDI was recorded by KPEP enterprises and no data for 2009 is available for Kosovo. However, the Central Bank of Kosovo projects that FDI will fall this year by 30-35 percent.

4. Exports

The construction sector is the main contributor to export growth of KPEP, accounting for 74 percent of KPEP enterprises. The reason behind this high export growth figure is that several construction companies, namely Eurokos, KAG Asphalt and Vëllezërit e Bashkuar, have been heavily involved in road construction in Albania with Eurokos contributing €6.5 million to the sector exports.

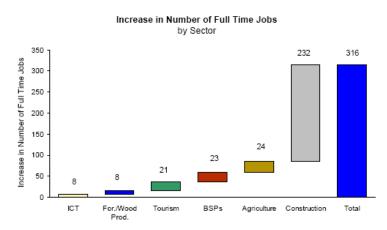


During the last quarter, non-wood forest products companies exported €2 million of products, including blueberries and mushrooms, thus increasing the share of exports of this sector to 17%. The main exporters of this sector are Eurofruti and Agroprodukt Commerce.

However, the picture for Kosovo economy is completely different. By August 2009, Kosovo exports declined by 33 percent barely reaching €91.5 million. For the same period, imports remained almost the same, decreasing only by 2 percent compared to the previous year. Exports coverage of imports at the country level is at 7.5 percent, while within KPEP enterprises this ratio is 86.6 percent.

5. Full Time Jobs

construction The sector continues to drive job growth for KPEP. During the last quarter there was a significant increase in jobs in agriculture, part mainly of employment in non-wood forest products sector. The main contributors in this sector are Hit Flores. Eurofruti, Scardus, As promet and Agroproduct Commerce



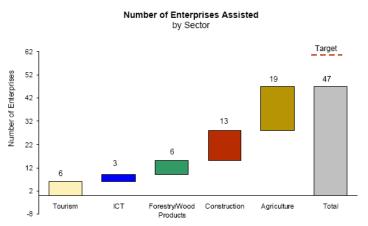
In the construction sector, Lin

Projekt, Fitorja, KAG Asphalt and Eurokos saw the largest increases is jobs. BSPs have an increase of 23 FTE jobs that is almost three times the original target of 8 FTE jobs. While KPEP is below its job creation target, the project has been able to achieve 27 percent increase in full time jobs, which stands in positive contrast to the 40 percent unemployment persistent

in the Kosovo economy and the 1.3-2.7% percent increase in unemployment across the EU and SEE and CIS region.

6. Number of Enterprises Assisted

KPEP has provided support to a total of 47 enterprises. This is below the original target of 61. From this number, enterprises belong the to agriculture sector. 13 are construction enterprises, 6 enterprises are in wood processing sector, 3 enterprises in ICT and 6 enterprises belong to the tourism sector.



7. Transactional Impact from Sales Fares and Tradeshows

During the first year KPEP has helped numerous companies participate in a number of B2B sales fares, tradeshows and other events and helped them increase sales, investment and employment. Because these companies are not officially in the KPEP program, Booz Allen does not include these results into the PBMS system. In an effort to provide the most updated information to USAID and capture the transactional impact of the interventions, KPEP has collected the results and success stories in this section of the report.

Wood products. Total value of sales of companies that belong to this sector, but are not part of the PBMS system during the year was €162,000 and investments were €221,000. These figures are a result of from Ligna Fair in Hanover Germany, and were reported in the third quarter report.

Tourism. In year one, there were three events as a result of which significant results were achieved in tourism:

- Kosovo Travel Day fair sales were estimated at €300,000 (€260,860 are sales of non-KPEP clients). As a result of this fair, 14 people were hired, 520 new contacts were established, and a new tour operator was created.
- 'Stay the Weekend-Experience Peja' tourist street fair estimated sales were €7,288.
- 'Join us for the Weekend-Experience Kosovo' tourism promotion event in Tirana, Albania. Estimated sales were €85,380 and nine partnerships were established.

Vegetables. During the year sales/exports of potatoes facilitated by KPEP to Macedonia amounted to €60,000. Perdrini association with KPEP facilitation signed export contracts with Macedonia, Albania and Serbia. By the end of this reporting period, Perdirni exported peppers and other vegetables in the total value of €207,000.

Construction. The company Vëllezërit e Bashkuar, recorded sales of €600,000, including exports of €100,000 to Albania. The company also invested in new equipment worth €200,000 and employed 5 additional workers. The company is not currently a direct KPEP client, so the results of the company are captured through the system of transactional data collection and reporting. KPEP has arranged meetings between road construction companies

in Kosovo - KAG Asfalt, Eurokos, Viktoria Invest in Albania, Papenburg and Adriani, Eskavatori. As a result of these meetings Vëllezërit e Bashkuar made sales agreements for concrete elements and ready mixed concrete.

Metal processing. In August, KPEP organized a B2B round table for the company Vinex with members of the Road Construction Association. Five road construction companies and the executive director of the Association expressed strong interest in cooperating, with the goal of supporting local products. As a result, Vinex purchased reinforcements for road elastic defenders and reinforcements for bridge pillars with a total value of €15,000.

Below is the overview of performance on key indicators of the companies that are not direct KPEP clients.

Sector	Sales (in Euros)	FTE jobs	Investments (in Euros)
Agriculture	267,000	-	-
Construction	600,000	5	200,000
Forestry and Wood processing	162,000	-	221,000
Tourism	353,528	14	-
Metal Processing	-	-	15,000
Total	1,382,528	19	436,000

8. MicroEnterprises

USAID's economic growth programs in Kosovo are aimed at value chain improvements through greater competitiveness of firms, and their products and services.

Microenterprises have been an important beneficiary of the USG assistance program. Sectors where competitiveness requires product standardization at the producer level, such as dairy programs, have significant results on microenterprises. Mission support has focused on assistance to sectors where a significant number of micro enterprises participate in the value chain, including organizations in agriculture, tourism, ICT and wood products. The mission also supported microenterprise development in addressing cross cutting issues in workforce development, business enabling environment, and business support services.

FY09 resources were used to assist microenterprises to improve their performance and establish linkages with larger firms to make them part of the local value chain. Total KPEP resources devoted to supporting microenterprise development totaled almost \$2.5 million.

Examples of KPEP's activities in support of microenterprises include:

- KPEP held outreach events announcing the Strategic Activities Fund (SAF) in Gracanica in Central Kosovo and in Leposaviq in Northern Kosovo. Over 35 representatives of businesses and associations attended.
- Trial plots of white bean trials as a rotation crop for potatoes and field days which yielded a gross income per hectare \$ 15,000, which is a 5-fold increase in income compared to traditional rotations crops.

- Assistance to pepper producers with export facilitation, and identification of buyers in Albania, Macedonia, Montenegro, and Serbia, for total sales approximately \$ 750,000.
- Technical assistance to micro enterprises on HACCP certification and organic certification, both preconditions for enabling local businesses to export into the EU and to capture affluent markets.
- A study tour to Bulgaria for companies involved in the collection and processing of nonwood forest products. Participants learned about quality control improvement and management of collectors.
- Support to organize and hold the first tourism fair in Kosovo, Travel Day Fair, with 40 exhibitors. Estimated sales from this activity, which was opened by PM Thaci and the Mission Director, and was visited by over 1,000 people, were close to \$400,000.
- Support to wood processing / furniture companies to exhibit at a trade show in Albania.
 Companies at the show sold furniture and other processed products in a total amount of over \$90,000.
- A carpentry job fair in Peja for students of carpentry, which resulted in several immediate offers for jobs and internships.
- A sales and marketing boot camp for companies from the ICT sector. Participants learned how to do research on their target markets and how to sell their products and services more effectively.
- The Kosovo Premier Advisors training, which provided advanced consulting training to a group of selected local consulting firms and solo practitioners.
- A legal and business consultants training program which taught basic business skills to representatives of the legal profession.

9. Trade Capacity Building

USG support for trade capacity building in Kosovo is focused on supporting key Kosovo industries to export to the EU, more fully participate in the Central European Free Trade Agreement (CEFTA), and reduce the massive trade imbalance. USG assistance supported exports of Kosovo products, including processed agricultural products such as pickled peppers, niche products such as wild mushrooms, blueberries, Sharri cheese, and cream with peppers, and processed wood and non-wood products. Construction companies receiving technical assistance and training from the USG secured significant contracts for road building in Albania.

Modern quality standards were a significant focus of assistance. The USG contributed to the first food processor in Kosovo achieving full Hazard Analysis Critical Control Points (HACCP) certification earlier this year. The USG assisted the Kosovo Veterinary and Food Agency in implementing the Raw Milk Quality Decree to improve food safety of dairy products. Steps were taken toward achieving preconditions for forest certification to increase the competitiveness of Kosovo's wood products.

Activities facilitated trade linkages for Kosovo products. The USG supported Kosovo's first Marketing and Linkages Conference, which brought together producers, processors and retailers. Grants to business associations improved post-harvest handling of fruits and vegetables (e.g., grading/sizing/packing and cold storage facilities), enabling them to increase exports. Assistance provided to financial institutions helped develop new trade finance products, but implementation was delayed due to buy-outs and mergers. FY08 saw an

increase of 145% in value of intra-regional exports of targeted agricultural commodities as a result of USG assistance.

As the smallest economy in the CEFTA region, Kosovo needs raise its trade policy and law capacity to at least that of the strongest countries in the region. Activities have focused on finding alternatives to the establishment of burdensome trade barriers in response to subsidies and other measures taken abroad. Such alternatives include establishment of better rules and enforcement of rules that keep potentially unsafe or nearly expired products off of Kosovo store shelves, training of GOK trade officials in best practices, and efficient resolution of breakdowns in individual trade deals because of unfair measures taken by other countries.

Kosovo diplomatic and consular officials were trained in basic principles of attracting trade and investment, so that in their posts they are able to field questions about Kosovo with appropriate levels of both confidence and caution.

10. Minorities

In the first year of the program, KPEP was actively present in the minority regions of Kosovo, assisting and supporting economic development and business linkages in KPEP targeted sectors. We first focused on introducing KPEP's objectives and planned activities to minority entrepreneurs, followed by technical support to the most promising lead companies in minority regions, whose development can benefit the wider community and generate employment, which is particularly important in rural areas. KPEP has sought out and engaged minority representatives to provide a wide range of assistance and support. Examples of KPEP's activities in the minority areas include:

- KPEP held outreach events announcing the Strategic Activities Fund (SAF) in Gracanica in Central Kosovo and in Leposaviq in Northern Kosovo. Over 35 representatives of businesses and associations attended.
- KPEP supported the slaughter house Lesak Kom in Northern Kosovo to become licensed by the Kosovo Veterinary and Food Agency (KVFA), thus becoming the first minority owned slaughterhouse licensed to operate in Kosovo.
- KPEP disseminated over 100 Serbian language copies of the "Harvester's Handbook to Non Wood Forest Products Collection in Kosovo" to collectors in minority areas
- KPEP supported business linkages between the construction firms Graniti from Istok and As-Putevi from Leposavic Stone samples haw been taken for testing and if the results are satisfactory Graniti and As will enter in join exploitation of stone resources
- KPEP facilitated a cooperation between the minority company Scardus and Eurofruti for joint export of mushrooms and berries. This year, their combined export sales exceeded Euros 80,000. Eurofruit and Scardus will continue to jointly supply buyers, as together they are able to meet the demand for larger quantities.
- A Serbian representative participates in the KPEP-supported Standards Development Group for Forestry Certification
- The minority owned wood processing company Lesak received technical assistance from KPEP to improve its production process.
- KPEP funded a pre-HACCP assessment at the minority non-wood forest product companies As Promet and Scardus.

KPEP has three minority companies in its performance based monitoring system (PBMS) – As Promet and Scardus (Serbian) as well as UVB (Bosniak). These three companies had a combined turnover of just over Euros 450,000 in FY 2009. Compared to the previous year, they increased their staff by 53 full time equivalent jobs. Of the over 1,600 individuals trained by KPEP during its first year of operation, 34 were members of minorities.

11. Women

KPEP puts special emphasis on the inclusion and support of women through its activities and programs.

Examples of KPEP activities supporting women in business include:

- KPEP supported the Widow's Association in Krusha e Madhe with a milk analyzer to enable them to test the milk produced by its members. This analyzer was procured through a SAF grant.
- KPEP has supported several women consultants through trainings and direct consulting engagements, including awarding a contract for a financial analysis of a collector or PET bottles, and through KPEP's workshop on how to be a successful consultant.
- KPEP works closely with the ICT and Wood Processing Associations, both of which are headed by women.
- KPEP has supported the NGO Rugova Experience with technical assistance and through direct contracts. This NGO is headed by a woman.
- KPEP has assisted the NGO Lulebora with business linkages in recycling. This NGO is headed by a woman.

In this year, KPEP's client companies, which are tracked in our PBMS, employed 1,639 workers combined of which 204 are women. Of the over 1,600 individuals trained by KPEP in Year 1, more than 200 were women.

12. PBMS

The Performance Based Management System (PBMS) monitors progress against program targets, facilitates reporting of the results attributable to KPEP efforts and provides data for reporting to USAID. It identifies successful enterprise, sector and industry clients, interventions and consultants and allows the team to compare projected results to actual results on a monthly, quarterly, semi-annual and annual basis. The baseline and targets are set for all indicators for the life of the project (LOP).

• Data collection

The KPEP specialists worked with the client enterprises to establish baseline data. Initial baseline data is recorded for the period just prior to implementation of activities that contribute to achievement of results, enabling comparison when measuring progress toward a specific result or objective. The baseline provides a snapshot of a performance indicator as a point of reference.

For enterprises, baseline data includes jobs, sales, production, investments, foreign direct investment and partnerships. The KPEP specialists are responsible for data collection from enterprises. The PBMS Specialist reviewed the information received and performed quality control, After that, the PBMS specialist entered the data into the project's database. The

reports produced from the access database and excel spreadsheets are used for inclusion in quarterly reports to USAID.

• Quality of the data

The sector specialists are responsible for the first-level data quality control. The quality checks have been made to ensure that data collected and included in the database are accurate and reliable. Every single transaction entered in the database was double checked for accuracy.

• Data verification

The PBMS specialist conducts site visits and interviews with representatives from the client enterprises and organizational partners to verify the results that have been reported. In addition to verification of the accuracy and consistency of the results reported, the PBMS specialist also will determine whether the results were caused by the KPEP intervention and thus attributable to the project.

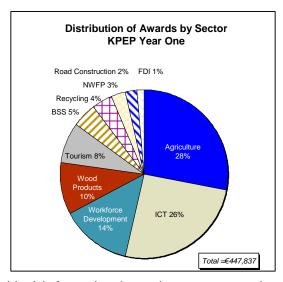
• Status of the Indicators

The status of Project Indicators is set out in the Annex 1 entitled *Report on Indicators*. This Annex gives the status of all indicators from the PMP.

B. STRATEGIC ACTIVITIES FUND

Outreach Plan: Upon approval of the Annual Program Statement (APS) by USAID in April, KPEP prepared a targeted outreach plan to inform eligible organizations and entities about the grant objectives, eligibility requirements, criteria and application procedures for the KPEP Strategic Activities Fund (SAF).

From May to June, the SAF program was presented to stakeholders from the following business sectors: Construction Materials, Wood Processing, Agriculture, ICT, Tourism, and Business Support Services. In addition, two presentations were held for minority stakeholders in Gracanica and in Leposavic. In addition to these initial group presentations, the



KPEP SAF manager has been conducting individual informational meetings on an ongoing basis.

14 Requests for Proposals were advertised in the local newspaper and through KPEP website in the period March to September 2009. For purposes of transparency KPEP publishes information about awards on our website http://www.usaidkpep.org/SAF list of projects.htm

SAF Review Committee: Since April 1, 2009, KPEP has held weekly SAF review committee meetings. Members of this review committee include David Cowles, Chief of Party; Violane Konar-Leacy, Operations Director; John MacKillop, Agriculture Sector Advisor; and Mark Walter, BEE Advisor. Each week, the committee discusses concept papers received in the previous week. Sector specialists present these concept papers to the committee and make a recommendation for rejection, approval, or request for additional information. The review committee makes decisions unanimously, following a discussion of each submission. By September 30, 2009, KPEP had held 24 SAF review committee meetings.

In the first year of project implementation, KPEP received 140 concept papers. 16 concept papers were approved at the concept paper stage, for 13 the committee requested more information, and 116 concept papers were rejected. Despite the vigorous outreach campaign and clear guidelines, many proposals received did not meet minimum requirements for consideration.

Request for Proposals: During the first year of operations, KPEP issued 20 RFPs, 14 of which were published in local newspapers and on the KPEP website. This resulted in 16 subcontracts awarded, one was canceled, and three are in the process of being awarded. Another six proposals were sole source, or RFP's sent to a qualified pool of organizations.

As a result of both processes - concept paper submissions and request for proposals, during this reporting period, KPEP awarded 16 subcontracts and 10 grants in total. As of September 30, 2009, the cumulative total of KPEP awards stands at €447,837 (\$623,268).

Type of Awards					
Type of Award	Approved Euros	% Distribution			
Grants	€172,501.00	38.5%			
Subcontract	€275,336.00	61.5%			
Total	€ 447,837.00	100%			

These grants and subcontracts were awarded to organizations that belong to the following KPEP approved sectors/components; Agriculture, Road Construction, Workforce Development (WFD), ICT, FDI, Wood Products, Non Wood Forest Products, Tourism, Recycling, Business Support Services.

In year one of KPEP, the fixed price subcontracts were awarded to the following companies:

- Index Kosova Survey on Heavy Equipment Machinery and HME Operators for RCAK
- 2. **Project Graphics** Support of STIKK's participation in ICT Trade Fair in Pristina with marketing materials (brochure, banner)
- 3. **Prishtina Film** Promotional/media activities for "Natyra 2009" trade fair
- 4. **Eciks Consulting** Participate in FDI Workshop and Review drafts of Investment Briefs
- 5. SH.P.K GRIMA CONSULTING White Bean Demonstration Plots
- 6. **MD Consulting** Good Practices Mission to Bulgaria for NWFP processors and organization of pre harvest conference
- 7. **SH.P.K GRIMA CONSULTING** Raw Milk Quality Program with students from Agricultural Faculty
- 8. **Management Development Associates** Assist International Consultants during Marketing Training, and Assess and Advise local IT companies on Sales and Marketing
- 9. **World University Service Austria** Management of KPEP's Business and Economics Internship Program
- 10. **CACTTUS** ICT Vendor Training and Certification Program
- 11. ATI-KOS ICT Vendor Training and Certification Program
- 12. Management Development Associates PMP Training and Certification Program
- 13. **TPD Consulting** Tourism Promotion in Albania "Join us for the weekend Experience Kosovo"
- 14. **Macedonian Development Center "MDC TI NET"** Assessment of Kosovo Recycling Sector with focus on PET"
- 15. **Business Support Center Kosovo** Entrepreneurship Microenterprise Training Program
- 16. **TPD Consulting** Organize Street-fair in Peja

In year one, KPEP awarded grants to the following organizations and companies:

- 1. **World University Service Austria -** Support of Kosova Case Challenge 2009 (part of international case study competition Balkan Case Study Challenge 2009)
- 2. **Farmer Association Perdrini** Purchase of Pepper seedling plantation machine and management of demonstration plots for new varieties of Peppers
- 3. **Kosovo Assocation of Milk Producers** Organization of World Milk Day Celebration

- 4. **Etlinger** Installation of Pasteurizing production line for vegetable processing
- 5. **Bylmeti** Installation of yoghurt packaging technology
- 6. **Pestova** Installation of processed potato frosting technology
- 7. Kosovo Assocation of Information and Communication Technology (STIKK) Workshop on E-Marketing
- 8. **FLOSSK** Organization of Kosovo Software Freedom Conference 2009, partial grant
- 9. **AmCham** Trade Enhancement and Education **Seminars** / Travel to US to Attend Trade Shows
- 10. **AWPK** Participation in regional wood products fair in Tirana Albrelax October 2009.

Almost three quarters of our awards, 73.78% in dollar terms, are in support of activities which benefit micro enterprises:

Distribution of Awards by a Type of Enterprises				
Enterprise	% of total	Euros		
Non Micro Enterprise	26.22%	€ 117,402		
Microenterprise	73.78%	€ 330,435		
Total	100.00%	€447,837		

Environmental Compliance Report

An Initial Environmental Examination (IEE) for KPEP was completed and approved on 24 April 2008. The IEE requires certain actions on the part of Booz Allen as the implementing contractor. In particular, as specified in the IIE, all sub-agreements under the program must incorporate provisions that the activities to be undertaken will comply with the environmental determinations and recommendations of the IEE. This section of the Annual Work Plan out lines our procedures for ensuring such compliance.

The IEE provides basic Regulation 22 CFR 216 Threshold Determination to ensure that the activities to be implemented under KPEP are environmentally sound

As mentioned earlier, during the first year of the project, KPEP supported 26 activities through the Strategic Activities Fund (see table below). 22 activities fall under the category "Categorical Exclusion" – they are activities that have no effect on the natural or physical environment. For four activities, related to production and processing, KPEP made a Negative Determination, i.e. that the activity had no potential for adverse environmental impact.

Anticipating that in the course of its grant making support, KPEP will be involved in activities where there is a potential for adverse environmental impact, in September 2009, KPEP contacted three qualified environmental consulting firms in Macedonia (there is no capacity for this type of review in Kosovo) and requested cost estimates for conducting Environmental Due Diligence (EDD) analyses, in accordance with the Initial Environmental Examination. KPEP is planning to engage one of the environmental companies to conduct an EDD for the grant awarded to the dairy plant Bylmeti for the purchase of a yoghurt filling line (activity 14 below).

	Organization	Type of E	R Checklist	Droject Name
	Organization	Categorical Exclusion	Negative Determination	Project Name
1	Index Kosova	Х		Conduct Survey on Heavy Equipment Machinery and HME Operators for RCAK
2	Project Graphics	Χ		Support STIKK participation in ICT Trade Fair in Prishtina
3	World University Service Austria	X		Support Kosova Case Challenge 2009 (sub competition for the international case study competition Balkan Case Study Challenge 2009
١,	Farmer Association		V	Pepper seedling plantation machine and management of
4	Perdrini		Х	demonstration plots for new varieties of Peppers
5	Prishtina Film	Х		Manage the promotional/media activities for "Natyra 2009" trade fair
6	Eciks Consulting	X		FDI Workshop and Review of drafts of Investment Briefs
Ů	SH.P.K GRIMA			131 Workering and Noview of Grants of Investment Errore
7	CONSULTING			Implement White Bean Demonstration Plots
	Management Development	, , , , , , , , , , , , , , , , , , ,		Assist International Consultants during the training, advising and assessing Kosovo IT companies in the skills
8	Associates	Х		of sales, marketing,
	World University	V		Management of the Business and Economics Internship
9	Service Austria	Х		Program Tourism Promotion in Albania "Join us for the weekend –
10	TPD Consulting	Х		Experience Kosovo"
11	MD Consulting	X		Good Practice Mission in Bulgaria and organization of pre harvest conference
<u> </u>	SH.P.K GRIMA			Raw Milk Quality Program with students from Agricultural
12	CONSULTING	Χ		Faculty
13	Etlinger		Х	Installation of Pasteurizing production line for vegetable processing
14	Bylmeti		Χ	Installation of yoghurt packaging technology
15	Pestova		Х	Installation of processed potato frosting technology
16	Kosovo Association of Milk Producers	Х		World Milk Day Celebration
17	CACTTUS	Χ		ICT Vendor Training and Certification Program
18	ATI-KOS	Χ		ICT Vendor Training and Certification Program
	Management			
	Development			
19	Associates	Х		PMP Training and Certification Program
20	TPD Consulting	X		Stay the weekend - Experience Peja
21	STIKK	X		Workshop on E-Marketing
22	BSCK	X		Entrepreneurship - Micro Enterprise Training Program
23	FLOSSK	X		Software Freedom Conference 2009
24	AWPK	X		Wood fair in Albania participation "Albrelax 2009"
25	MDC TI NET	X		Assessment of Kosovo Recycling Sector with focus on PET
26	AmCham	X		Trade enhancement and education seminars

C. COMMUNICATIONS

Strategic Communications Plan: With the assistance of an international advisor, the KPEP Stakeholder Engagement and Strategic Communications Plan was developed and submitted alongside the year one work plan. This document is a strategic and operational road map to support and enhance the impact of KPEP activities and its sector strategies. The KPEP's reflects overarching communications goal that is to "inform and advise the client and key stakeholders on progress made to accelerate growth of the private sector in Kosovo."

■ Telling KPEP's Story■

KPEP on TV: This quarter KPEP appeared on several TV shows including RTK, RTV21, KTV, and TV Dukagjini. The shows were on the Street Fair in Pejë, pepper exports, and USAID's 10th anniversary celebrations. KTV organized a TV show on economic development in Kosovo featuring only KPEP clients, where KPEP support was strongly acknowledged. A report on a KPEP construction workshop was produced and broadcast by RTK.

KPEP in the Press: In the reporting period, KPEP was directly referenced 50 times in the Kosovo press on topics ranging from tourism and forest certification to wood processing, milk issues, and USAID's 10th anniversary celebrations.

The first steps in implementing the communications strategy were to establish the project's identity consistent with USAID's rules and guidelines on logos and branding. KPEP produced business cards, fact sheets, and established a web presence. All promotional and informational materials had a comprehensive KPEP design and were branded to have a consistent look and feel across all formats – print, web, reports etc.



Picture 1: USAID 10th anniversary event in Prizren, September 11, 2009



Picture 2: USAID 10th Anniversary even in Pristina, September 18, 2009



Picture 3: Mayor of Pristina signs the Book of Thanks for USAID (Pristina event)

Initial Outreach: After the stakeholder meeting in Pristina in December 2008 to introduce KPEP to a wider audience, KPEP continued its outreach initiative with a series of presentations in Pejë/Peć, Ferizaj/Uroševac, Mitrovicë/a, Gjilan/Gnjilane, Gjakova/Đakovica, and Prizren. Over 120 stakeholders attended the KPEP presentation in Pejë/Peć on January 21, including the largest enterprises of the municipality. The event was covered by the local TV Dukagjini, as well as the Koha Ditore and Expres daily newspapers.

More than 70 businesses attended the stakeholder meeting in Ferizaj/Uroševac on January 23. The KPEP stakeholder meeting in Mitrovicë/a on January 28 was attended by the Deputy Mayor and more than 80 businesses. Representatives from the agriculture and construction sectors were particularly interested in the Strategic Activities Fund, the KPEP grant program. The Mayor of Gjilan/Gnjilane opened the KPEP stakeholder meeting on January 30. He discussed the relevance of KPEP to businesses in Kosovo and called upon all stakeholders to support the KPEP agenda. Local TV covered the event. The Strategic Activities Funds was also a key discussion point during the outreach meeting in Gjakova/Đakovica on February 2. The meeting was covered by the local TV station Syri as well as the daily newspapers Koha

Ditore and Express. The final KPEP Road Show meeting was held in Prizren on February 6. It was attended by more than 80 business owners.

In total, more than 500 stakeholders heard about KPEP and its proposed activities during this initial outreach effort. KPEP met many new stakeholders and learned about opportunities and challenges for business in the different regions of Kosovo. KPEP will continue this outreach program in other towns in Kosovo.

Donor Coordination: KPEP has also reached out to the stakeholders of other projects, including the project Initiating Positive Change, implemented by AED, which focuses primarily on minority community initiatives, ABA-ROLI, DAI, and others, and has provided briefings to other donor organizations, such as the World Bank and DFID, through our donor coordination efforts.

Media Monitoring: KPEP is monitoring the local press on a daily basis, focusing on articles related to KPEP's work, or of interest for sector specialists. The local press headlines are distributed to all staff. Furthermore, KPEP follows up on articles of interest (for example by phone calls to journalists, editors) and archives the articles by dividing newspaper clippings in separate folders: a general KPEP one (with newspaper clippings of articles mentioning KPEP or KPEP events directly), one on forestry and one on dairy issues. The articles are scanned and stored electronically. Media monitoring also covers Kosovo online news agencies, and whenever possible, TV news and TV programs covering issues of relevance for KPEP's work.

KPEP staff had been added to list serves to receive the local and international news clippings and summaries of the UNMIK and OSCE press offices.

Media Relations: This is an important component of KPEP outreach. In order to get the media to cover KPEP events, and ensure positive coverage, serious efforts were made in the third quarter to establish contacts with journalists and editors covering mostly economic issues. Such contacts were established with the economic pages editor of "Lajm", with senior journalists of "Bota Sot", one reporter of "Express", the Kosovo correspondent for Vizion+TV based in Albania, the editor of Radio Dukagjini, the director of Radio Peja, and the news editor of Bluesky Radio, as well as selected regional media. In addition, all KPEP events were used to establish contacts with attending media representatives, whose contact details were entered in the media contacts table.

In the third quarter, KPEP organized three press conferences: 1) to announce the Travel Day Fair; 2) as a conclusion to the Fruit & Vegetables Conference; and 3) as a conclusion to the Carpentry Job Fair. Attendance was very good on all occasions, ensuring broad and positive coverage by 8 daily newspapers in Kosovo, RTK, RTV 21, TV Klan Kosova, TV Dukagjini, TV Net, KosovaPress online news agency (both video and written text), KosovaLive agency, national and regional radios.

To promote the Travel Day Fair in April, an appearance of the Tourism STTA Scott Wayne and President of Kosovo Tourism Association Zeke Ceku at the RTK morning show was arranged, as well as interviews with Radio Kosova and Radio BlueSky. Another interview was arranged with Radio BlueSky for the Agribusiness Marketing Assistant one day prior to the Fruit and Vegetable Conference. An interview was arranged with Radio Dukagjini for the Forestry STTA Ratko Matosevic and the KPEP Forestry Specialist about the establishment of

the Kosovo Standards Development Group for FSC certification. The KPEP Workforce Development Specialist gave interviews to TV Dukagjini, RTK21, Radio Peja and a chain of local radios (through a youth NGO) on the occasion of the Carpentry Job Fair.

In the last quarter, KPEP continued to build relations with journalists and editors of local media and worked to expand the network of media connection. As a result of such efforts, journalists have begun to contact KPEP expressing an interest for interviews with KPEP specialists or STTAs (RTK morning program, RTV21, KTV, Radio Kosova, Radio Peja, Radio Bluesky, Lajm newspaper). KPEP press releases are regularly picked up by at least half of the daily newspapers printed in Kosovo, and by online news agencies, radio and TV stations.

KPEP organized two press conferences in Pejë/Peć jointly with the Municipality to announce the Street Fair. Attendance by regional media was very good on both occasions, ensuring broad and positive coverage by daily newspapers in Kosovo (Koha Ditore, Kosova Sot, Epoka e Re), TV Dukagjini, and Radio Peja. As a result of the press conferences, KPEP staff were interviewed by regional media in this city.

In the fourth quarter, KPEP issued 6 press releases on the following topics: non wood forest products conference, visit of USAID Mission Director to KPEP client, Street Fair in Pejë/Peć, and the participation of Kosovo wood processing companies at the international furniture fair in Tirana, Albania. Press releases were picked up by Kosovo daily newspapers, and other electronic media and were posted on the KPEP website under the specific section. Also, KPEP arranged for radio and TV interviews for KPEP staff.

Media Advisories and Press Releases were drafted and distributed to local media electronically and by hand (at press conferences or events).

Press kits or event folders containing general information on KPEP and specific information on KPEP sectors, as well as press releases, presentations, and contact information were prepared and distributed at all events.

All newspaper articles on KPEP and its work have been collected, scanned and stored electronically.

Fact Sheets: Fact Sheets have been used in all KPEP activities, as part of press kits or event folders. Being "living" documents, fact sheets introducing KPEP sectors were updated to reflect changes and achievements, they were all translated into Albanian and Serbian, and were carefully proofread to ensure correct use of terminology and proper use of language as per USAID rules. New Fact Sheets on Workforce Development and FDI were created.

Success Stories: Successful events and achievements were captured immediately, including pictures. Such success stories were printed on USAID Bi-Weekly newsletters, and posted on the KPEP website. To date, KPEP has built a rich archive of stories and picture gallery. Also, KPEP started in September with the production a monthly report highlighting major achievements and success stories.

Field Trips: The Communications Specialist has assisted the sector specialists in drafting scene setters and talking points on various KPEP events and field trips, and drafted summaries of these field trips. In addition, the Communication Specialist has accompanied

sector specialists in their visits to establish direct contacts with KPEP clients and gather first hand information on ongoing activities that receive KPEP support, to be used for a variety of KPEP publications.

KPEP Identity: Keeping in line with USAID branding rules and guidelines, special efforts have been put in promoting further the identity of KPEP. These efforts mainly consist of arranging for production of banners, roll ups, and posters for events; fact sheets; brochures (SAF, promotion of Kosovo tourism in Albania, non wood forest products pre-harvest conference, carpentry job fair); folders; and pens. A cork board was placed at the entrance of the KPEP office where success stories, press releases, extracts from USAID bi-weekly newsletter, posters, and other KPEP-related materials are displayed. Special efforts were put in ensuring that reports, power point presentations, invitations and other documents follow strictly USAID branding rules and guidelines on use of languages.

KPEP assisted ICT, WfD, and Agribusiness clients with promotional advice on proper usage of logos and language.

Intranet: The communications section contents were categorized by sector; new categories were added and updated.

Website: The KPEP website was re-arranged in the third and fourth quarters to better present KPEP achievements. The news section was updated every week with the most important achievements, and photos. "News archive" and "features" links were added. Other additions include "past events", "photo gallery" and the tourism portal. The next step is to identify a website designer, who will rearrange the look of the KPEP website.

Event Organization

In cooperation with the Workforce Development Specialist, an activity was planned and organized in Pejë/Peć on June 25. The event "Right Skills – Your Perspective" had several goals: 1) to promote the carpentry Vocational Education Training schools in Pejë/Peć and Deçan/Dečane amongst 8th and 9th grade students through a presentation of products made by carpentry students and school program; 2) to create employment opportunities for carpentry students of 12th and 13th grades with wood processing companies in the region of Pejë/Peć; 3) establish a tradition of carpentry job fairs; and 4) promote contacts within stakeholders of the wood processing industry.

■ EVENT IMPACT ■

Carpentry School Marketing & Job Fair

Radio commercials announcing the event were broadcast for 13 days, 8 times a day by Radio Dukagjini and Radio Peja. This resulted in a wide participation of young students at the exhibition and job fair.

"This is a great event as it will enable students to find employment. I have already hired one student, and will offer an internship with the possibility of employment following successful performance to another student" said Gani Lajqi, owner of Shpendi wood processing company in Pejë/Peć.

A Kosova Wood representative invited all students to register for internship with this company, and declared that all successful interns would be offered jobs.

KPEP arranged for posters to be printed and distributed to all secondary schools and the city of Pejë/Peć and its surroundings, announcing the event and the venues, and for a banner that was put up in the center of Pejë/Peć. Brochures were produced with information on the VET, Association of Wood Processors of Kosovo, the participating wood processing companies and KPEP. The press kit contained general information on KPEP, and on Workforce Development and Wood Processing sectors, as well as a press release.

The event received very good media coverage, before and after. Radio Dukagjini and Radio Peja announced for 13 days, 8 times per day a radio commercial announcing the event, and representatives of the youth organizations assisted with spreading the information to all targeted age groups. On the day of the event media attendance was satisfactory, both during the exhibition and interview process and at the press conference. The event was covered by Radio Peja, TV Dukagjini, TV Net, RTV21, and newspapers.

This summer, on the occasion of the **USAID** 10th anniversary in Kosovo, a series of visits and events were planned. KPEP was assigned an active role in organizing and overseeing such visits and events.

The USAID Mission Director and Deputy Mission Director visited several KPEP clients, as part of outreach efforts to USAID partners and beneficiaries. The Communications Specialist assisted to arrange the visits, helped prepare scene setters and talking points, managed related communications between USAID and KPEP, and prepared summaries/stories on such visits.

■ EVENT IMPACT ■

Business & Economics Interns Reception

Assisted the Workforce Development Specialist to organize a reception for the Business & Economics interns that was attended by the USAID Mission Director.

The event was filmed and a short documentary is in the production process. The documentary will be used for promotion of KPEP's efforts to support youth in Kosovo.

"Thanks to KPEP internship project, I had the opportunity to work for the Ministry of Economy and Finance, Department of Municipal Budget as municipal budget analyst" said Qendresa Morina, one of the 10 interns.

USAID visited Bylmeti and Magic Ice dairy plants, Feroda wood pellet production company, Las Pallmas vegetable seedlings and flower nursery, Hit Flores non wood forest product collection and processing company, and Korenica wood processing company.

In addition to these visits, USAID planned seven municipal days to mark the anniversary. The Communications Specialist prepared promotional and informational material on KPEP, and photos showing KPEP assistance in the regions designated to organize the municipal days. Furthermore, KPEP was put in charge of organizing the municipal events in Prizren and Pristina, and a client visit in Pejë/Peć.

On September 3, KPEP organized a visit for the US Ambassador and USAID Mission Director to a photo exhibition of NGO Rugova Experience, a tour operator and KPEP client.

On September 11, KPEP organized a photo exhibition of USAID's work in the region of Prizren, and a display of brochures, newsletters and other informational material from several USAID implementers. In addition, KPEP hosted a visit for the Deputy Chief of Mission and USAID Mission Director to KPEP construction sector client KAG Asfalt.

On September 18, KPEP organized a successful municipal day in Pristina. This event concluded USAID's 10th anniversary celebrations including: a photo exhibition of project work, booths of KPEP clients – furniture producers, tour operators, cheese producers, a potato chip company, pickled vegetables, and many others. The US Ambassador, USAID Mission Director, Mayor of Pristina, and Minister of Agriculture visited the exhibit. The US Ambassador spoke about the 10 years of cooperation between the USAID and Kosovo, and praised the excellent progress made during this period.

D. PROGRAMMATIC AND ADMINISTRATIVE SUPPORT

The PMU is an integral part of the team's communications, leadership, and technical delivery working collaboratively with the field, Booz Allen headquarters, and USAID. At Booz Allen, the PMU provides not only backstopping programmatic support, but also ensures the firm's lessons learned, experience and corporate values are properly integrated and disseminated throughout the project team. The PMU serves as a liaison, advisor, and as technical subject matter and research experts to ensure successful project implementation and client satisfaction.

The PMU was responsible for developing and finalizing all major client deliverables, including Year Two Work Plan, Annual Report, and Quarterly Reports. The PMU conducted analytical research in support of the field technical needs and provided substantive input to various research and business practices projects. The PMU has developed contextual indicators that are used for evaluating the performance of the project, conducted research on tourism laws and collected the best business practices for establishing a National Tourism Organization. This research was instrumental in the field office evaluation of the draft Tourism Law and development the next steps for establishing a National Tourism Organization. Finally, PMU actively participated in the sector selection process in the beginning of the project.

To ensure the most efficient use of funds, PMU has developed a comprehensive financial management tool that will allow the Chief of Party (COP) to implement KPEP most effectively. PMU has prepared and submitted accruals report to USAID on a quarterly basis. The Unit has reviewed and reconciled Operations Expense Reports working closely with field staff to adjust/correct, where necessary.

In year one, to support various project components and sectors PMU has mobilized 67 short term technical specialists. The mobilization processes included arrangement of contract agreements, processing of the staffing approval authorizations, processing of the mobilization paperwork, and support in invoicing.

The PMU served as a liaison between the project field team and our project subcontractors, and initiated and completed the various modifications necessary to field both independent consultants and subcontractor staff. This has included the preparation of statements of work (SOWs) and budgets for those team members. PMU has processed and completed all the corresponding deployment and mobilization documentation including conducting appropriate due diligence for all candidates and providing support in all aspects of the mobilization from arranging contract term through the final invoicing.

The PMU has conducted the annual review for the BEE advisor and recommended salary action. PMU has also provided feedback for local staff reviews and salary actions.

Annex 1. Report on Indicators

IR.1.3 (1) Accelerated Growth of Private Sector

Indicator: Exports as a Percentage of Imports - Kosovo Wide

Exports as a Percentage of Imports
(in percent)

Baseline

Year 1 Target

Year 1 Actual

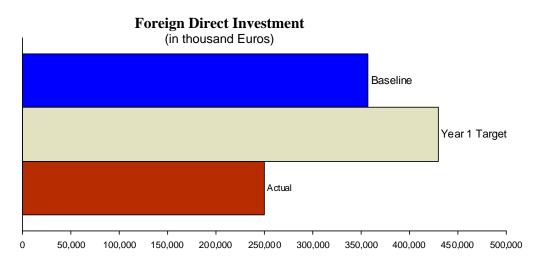
.00% 2.00% 4.00% 6.00% 8.00% 10.00% 12.00%

Definition of the indicator: The total value of exports divided by the total value of imports, by sector.

Data Source: Data is received from the Statistical Office of Kosovo. The total value of exports divided by the total value of imports. The data covers the period October 2008 through August 2009. The total value of exports for this period was €130 million, whereas imports were €1,738 mil. So, the exports coverage is 7.5%.

IR.1.3 (2) Accelerated Growth of Private Sector

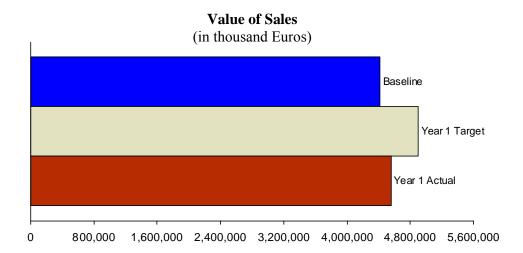
Indicator: Foreign Direct Investment – Kosovo Wide



Definition of the indicator: Value of foreign private investment. Enterprise investment is defined as spending related to operational capital, technology, land, and infrastructure. Data Source: Baseline data was received from Central Bank of the Republic of Kosovo. According to the Central Bank FD I is projected to fall by 30 to 35% this year

IR.1.3 (3) Accelerated Growth of Private Sector

Indicator: Value of sales, by sector - Kosovo Wide

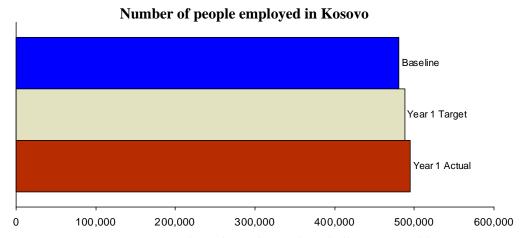


Definition of the indicator: Value of goods and services sold during the year measured as gross business sales.

Data Source: The data for this indicator has been collected from the Tax Administration of Kosovo. The baseline data includes the period January-December 2008. The actual data on sales contains data received for the period October 2008-September 2009. Actual data on sales is €4.5 million.

IR.1.3 (4) Accelerated Growth of Private Sector

Indicator: Number of people employed, by sector – Kosovo Wide

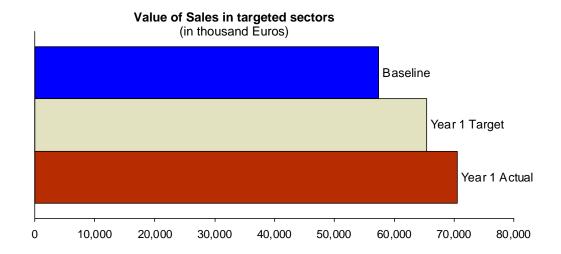


Definition of the indicator: Number of people employed, disaggregated by sector.

Data Source: The baseline data for this indicator was collected from the Macroeconomic Department of MFE. It is an estimate of the number of people employed in 2008. However, it is difficult to have an accurate number, since many employees working in the private sector are not formally registered. The baseline data shows that there are 481,000 people employed in Kosovo. KPEP received report from Department for Labor and Employment of Ministry of Labor and Social Welfare regarding employment data as of August 2009. The two main categories of the report are entries and exits. According to the DLE, entries means new people that register as unemployed, while exits means people that left unemployment bureau and got employed. Number of exits (people employed) for the period January-August was 14,376. So, actual data on employment using the data from MLSW indicates that 495,376 are employed.

IR.1.3.1 (1) Increased Competitiveness of Key Sectors

Indicator: Increase in Sales in Target Sectors



Definition of the indicator: Value of goods and services sold during the year is measured as gross business sales. It is an aggregate of all business sales related to the sector over a given period. This is measured for enterprises that receive KPEP support directly, through SAF or from specific transactions supported by KPEP.

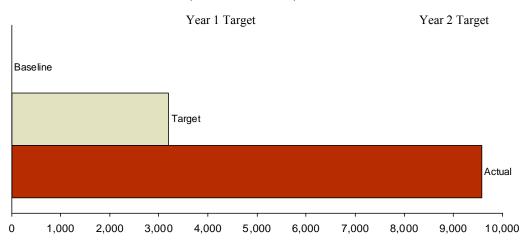
Data Source: Data received from sector specialists. The baseline value is €57,395,140 which represents the sales data for 47 companies for 12 months prior to inclusion into the KPEP system. The target for year 1 was an increase of sales of €8,000,000, which provides for a target figure of sales at €65,395,140. The actual value of sales for the same number of companies (47, plus transactional data) from the start of KPEP program was € 70,572,838. This results in an increase of €13,177,698.

IR.1.3.1 (2) Increased Competitiveness of Key Sectors

Indicator: Increase in investments in target sectors

Investment in Target Sectors

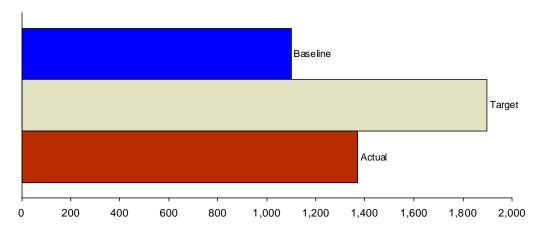
(in thousand Euros)



Definition of the indicator: Value of capital investments disaggregated by target enterprise, micro enterprise and by sector.

Data Source: Data received from sector specialists. The total value of investments during year 1 was €9,570,686. Since the baseline figure was set at zero, the total value of investments in fact represents also the total increase in investments.

IR.1.3.1 (3) Increased Competitiveness of Key SectorsIndicator: Increase in jobs created in target sectors

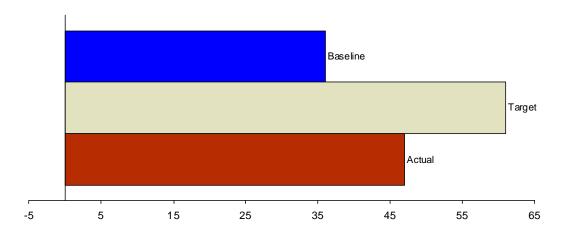


Definition of the indicator: Number of jobs created, disaggregated by target enterprise micro enterprises, and by sector, in terms of full-time equivalent jobs in target enterprises. Person days of employment (part-time employment) are converted to annual full-time equivalent - FTE jobs using 225 days of labor per year.

Data Source: Data received from sector specialists. The baseline number for FTE jobs was 1,099 which represents the FTE data for 47 companies for 12 months prior to inclusion into the KPEP system. The target for year 1 was an increase of FTE jobs by 800, which provides for target figure of FTE jobs of 1,899. The actual number of FTE jobs of the same set of companies (47, plus transactional data) from the start of KPEP program was 1,392. While KPEP is below its job creation target, the project has been able to achieve 27 percent increase in full time jobs comparing with the baseline (only for Component 1), which stands in positive contrast to the 40 percent unemployment persistent in the Kosovo economy and the 1.3-2.7% percent increase in unemployment across the EU and approximately the same level in the SEE and CIS region.

IR.1.3.1 (4) Increased Competitiveness of Key Sectors

Indicator: Number of enterprises assisted in target sectors

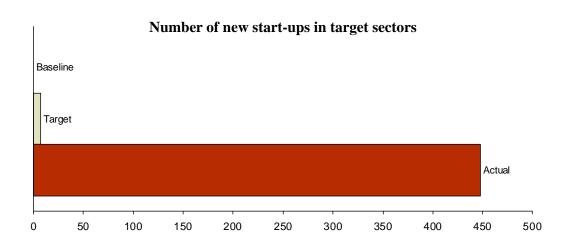


Definition of the indicator: Number of enterprises assisted directly by the project, disaggregated by micro enterprise.

Data Source: Data is received from sector specialists. From the total number of 47 assisted companies, 19 enterprises belong to the agriculture sector, 13 are construction enterprises, 6 enterprises are in wood processing sector, 3 enterprises in ICT, and 6 enterprises to the tourism sector.

IR.1.3.1 (5) Increased Competitiveness of Key Sectors

Indicator: Number of new start-ups in target sectors, Kosovo wide

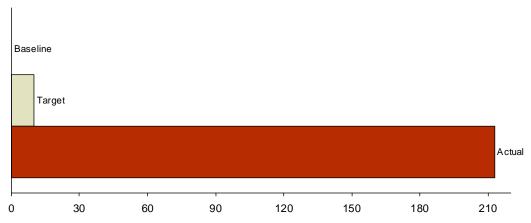


Definition of the indicator: Number of new start ups, disaggregated by micro enterprise and sector.

Data Source: Data is received on annual basis from the Agency for Business Registry (ABRK) of the Ministry for Trade and Industry. Data received from ABRK shows that from 5,641 businesses registered from January 1 until September 30, 2009, the total number of 448 companies belongs to the sectors that KPEP is supporting.

IR.1.3.1 (6) Increased Competitiveness of Key Sectors

Indicator: Number of partnerships



Definition of the indicator: Number of partnerships as a result of KPEP assistance. Partnerships refer to any strategic affiliation between businesses, including also partnerships with foreign businesses, and disaggregated by type of partnership.

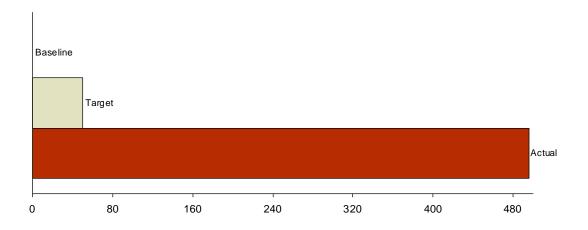
Data Source: Data received from sector specialists. During the first year, in total 213 new partnerships were established.

Below is the table indicating the partnerships by sector and sub-sector:

Sector	Sub-sector	Number of partnerships
Agriculture		49
	Dairy	24
	Fruits and vegetables	6
	Non-wood forest products	19
Construction		150
	Road Construction	120
	Construction Materials	30
Forestry and Wood processing		14
	Wood processing	14
Total		213

IR.1.3.1 (7) Increased Competitiveness of Key Sectors

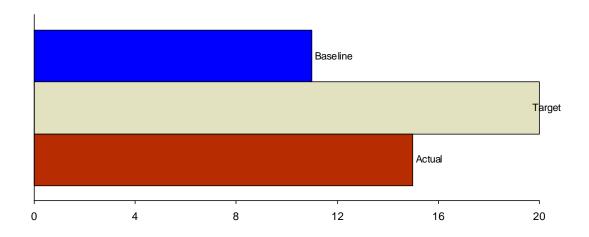
Indicator: Number of entrepreneurs receiving services supported by USAID



Definition of the indicator: Number of entrepreneurs receiving services directly by KPEP or indirectly through associations supported by USAID

Data Source: Data received from sector specialists. The total of 496 entrepreneurs received services supported by KPEP during the year 1.

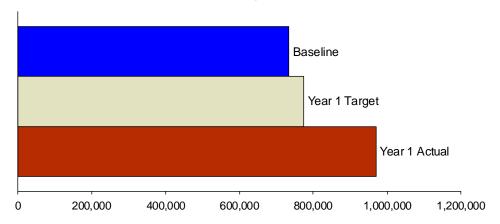
IR.1.3.2 (1) Improved and Demand Driven Business Support Services
 Indicator: Number of enterprises and associations providing business support services



Definition of the indicator: Number of enterprises and associations providing business support services that are assisted by KPEP.

Data Source: Data received from sector specialists and BSS team. The total number of 15 BSPs are on the list of KPEP assisted BSPs.

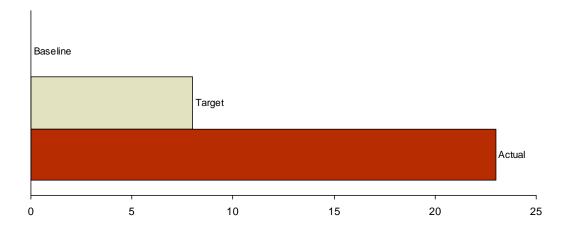
IR.1.3.2 (2) Improved and Demand Driven Business Support ServicesIndicator: Increase of sales among BSPs



Definition of the indicator: Value of sales among targeted BSPs, supported by KPEP and disaggregated by export sales.

Data Source: Data received from sector specialists and BSS team. Baseline sales of these 15 BSPs for previous 12 months prior to the start of the program were €734,281. Target increase for year one was €40,000 over baseline. So, the target to be achieved regarding the sales was €774,281. Actual sales of KPEP supported BSPs during the first year were €970,847, which provides for an increase of €236,566 over baseline.

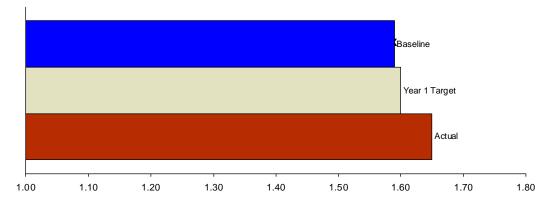
IR.1.3.2 (3) Improved and Demand Driven Business Support Services Indicator: Increase in jobs created among USAID supported BSPs



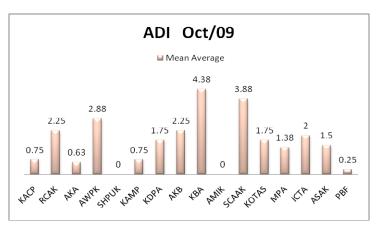
Definition of the indicator: Number of jobs created, among target business service providers, in terms of full-time equivalent jobs. Person days of employment (part-time employment) are converted to annual full-time equivalent - FTE jobs using 225 days of labor per year.

Data Source: Data received from sector specialists and BSS team. There was an increase of 23 FTE jobs during the year. The baseline figure for FTE jobs was 57 while the actual number of FTE jobs during the year was 80.

IR.1.3.2 (4) Improved and Demand Driven Business Support ServicesIndicator: Progress on the Association Development Index



Definition of the indicator: Progress made by associations on eight elements of the Association Development Index for associations targeted by KPEP. The "Association Development Index as Applied to Selected Associations in Kosovo" assessment was conducted for sixteen business associations The data was collected using an evaluation tool/questionnaire developed

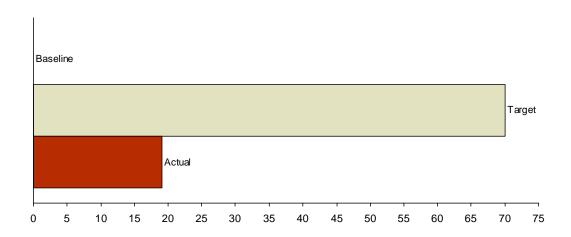


by USAID KPEP. The Index identified eight elements key to effective association management and was supplemented with questions to enhance understanding of each element. Evaluations of the individual associations were used to create the overall recommended baseline. That baseline was developed using statistical averages of mean, median and mode. The recommended baseline is 1.59, which is the median score. KPEP will conduct this assessment each year to monitor the progress of associations.

Data Source: Annual survey has been conducted by the end of this reporting period. During the follow up process of Association Development Index (ADI) KPEP has identified that the Mean Average has increased in comparison with Jan 09 and the median score is (Median=1.65) below it is the median chart average and the graphical chart is structured as following.

IR.1.3.2 (5) Improved and Demand Driven Business Support Services

Indicator: Number of consultants trained/certified to provide business support services

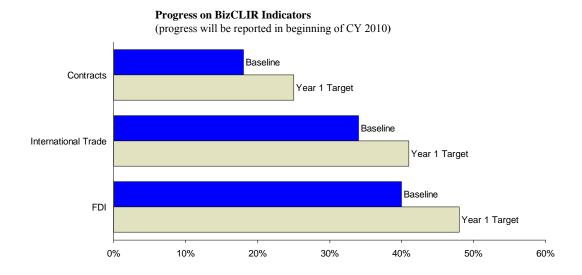


Definition of the indicator: Number of consultants trained/ certified to provide business support services, trained by KPEP or a target BSP, supported by USAID.

Data Source: Data received from sector specialists and BSS team. During the first year 19 consultants were certified in the "Kosovo Premier Advisor" training course.

IR.1.3.3 (1) Improved Business Operating Conditions

Indicator: Progress on the Business Environment Index (BizCLIR)

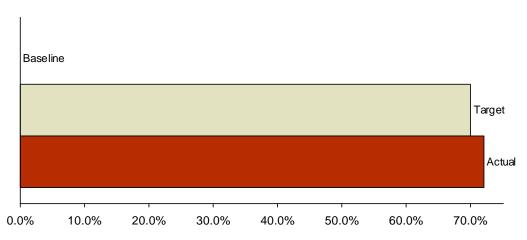


Definition of the Indicator: The mechanism for monitoring the BEE is the set of Commercial Legal Institutional Reform Assessment Indicator scores compiled for USAID in 2004 and updated in 2006. A 2009 update conducted by KPEP established a baseline, and subsequent updates will chart progress of indicators and subcategories relevant to KPEP activities each year.

Data Source: Annual survey will be conducted to update BizCLIR Index. The survey will be conducted at the beginning of CY 2010.

IR.1.3.3 (2) Improved Business Operating Conditions

Indicator: Progress on the policy index



Definition of the Indicator: The number of policies that have met or exceeded established targets on the policy index using percentage of completion.

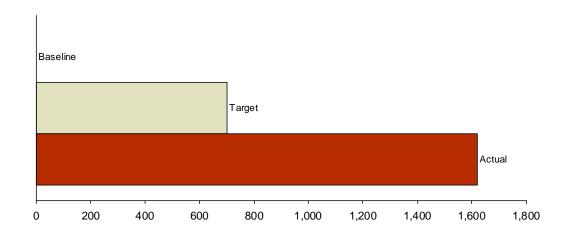
Data Source: Data received from BEE team. BEE team worked on 10 policies, including:

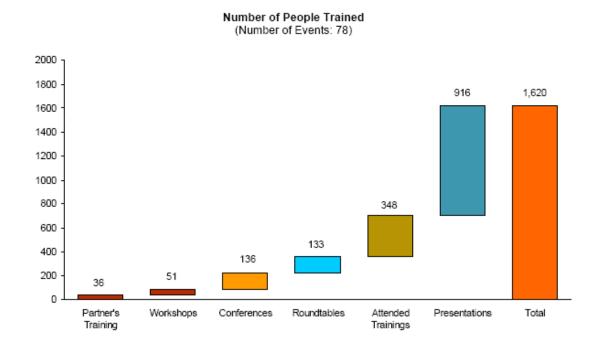
- Public Private Partnership (Assistance in implementation and drafting of model contracts and Terms & Conditions KPEP-related Projects) (7 out of 7 steps)
- Removal of Tariffs on certain wood imports to assist growth in wood products sector and to reduce illegal logging (8 out of 8 steps)
- Revision of Waste Management Policy to more efficiently involve Private Sector (2 out of 2 steps)
- Implementation of the Food and Veterinary Law (1 out of 3 steps)
- Pilot Forest certification (3 out of 7 steps)
- Law on Construction Guidance on appropriate action regarding draft law (5 out of 7 steps)
- ccTLD Establishment of Telecom Regulatory Agency Board (11 out of 11 steps)
- ccTLD Domain Registry Administrative Instruction (8 out of 9 steps)
- Tourism Law (3 out of 7 steps)
- Excise Tax Reform (3 out of 7 steps)

Overall score for seven policies is 72%, calculated as weighted average for completion of all policies taken together.

IR.1.3.4 (1) Improved Capacity of the Workforce to Engage in Employment Opportunities

Indicator: The number of individuals trained through USAID sponsored training





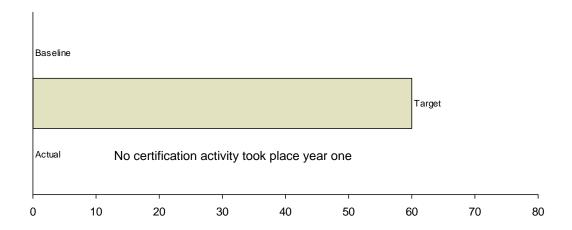
Definition of the indicator: The number of individuals trained, disaggregated by gender, age, ethnicity, sector, type of training etc.

Data Source: Data received from sector specialists and WFD team.

IR.1.3.4 (2) Improved Capacity of the Workforce to Engage in Employment

Opportunities

Indicator: Number of training certifications



Definition of the indicator: Number of training certifications earned by participants for completing the training.

Data Source: Data received from sector specialists and WFD team. No certification training was completed in year one.

IR.1.3.4 (3) Improved Capacity of the Workforce to Engage in Employment

Opportunities

Indicator: Number of program participants that obtain employment

Baseline data for CY 2008: Taken as zero

Target for FY 2009: TBD

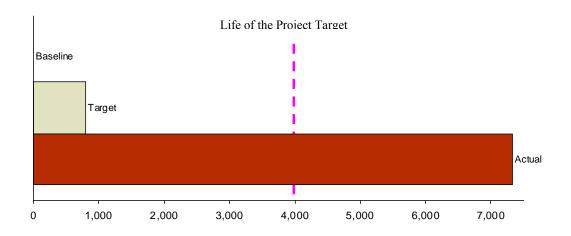
Actual number to date in FY 2009: Zero

Definition of the indicator: Number of program participants that obtain employment, disaggregated by gender, ethnicity.

Data Source: Data received from sector specialists and WFD team. No data was reported for the first year.

IR.1.3.4 (4) Improved Capacity of the Workforce to Engage in Employment Opportunities

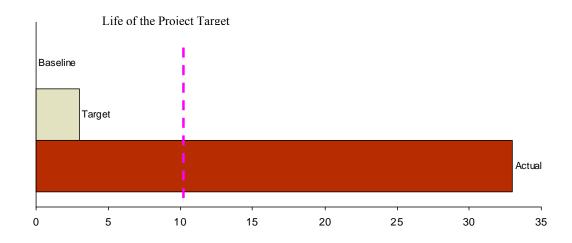
Indicator: Number of individuals provided with services



Definition of the Indicator: Number of individuals provided with services, disaggregated by type of service: counseling, referrals, placement, gender and ethnicity. The data reported derive from three activities of the WFD component: Kosovo Business Case Challenge, Business Economics Internship and Dairy internship program. In addition, the data from people participated in trade fairs is included on this number. The current number of 7,326 individuals received services provided by KPEP by far exceeds also LOP target, which is set at 4,000 individuals by the end of FY 2012.

Data Source: Data received from sector specialists and WFD team.

IR.1.3.4 (5) Improved Capacity of the Workforce to Engage in Employment OpportunitiesIndicator: Number of Internships



Definition of the Indicator: Internships include any sort of embedded training or on the job training. During this quarter WfD has started four different activities related to internships:

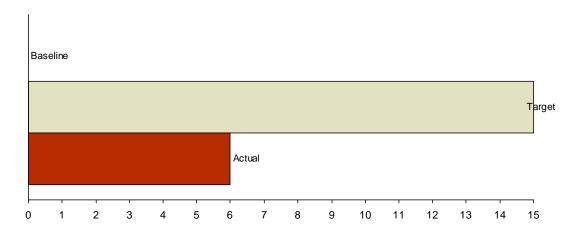
Kosovo Business Case Challenge, Business Economics Internship, Dairy internship and Job fair in carpentry VET in Peja.

Data Source: Data received from sector specialists and WFD team.

IR.1.3.4 (6) Improved Capacity of the Workforce to Engage in Employment

Opportunities

Indicator: Number of partnerships

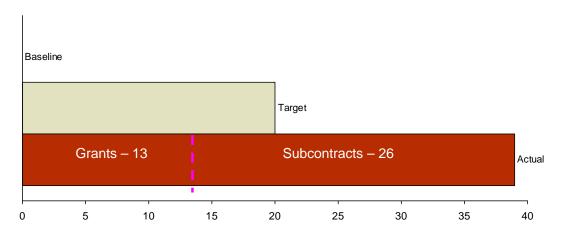


Definition of the Indicator: Partnerships refer to any strategic affiliation between the training provider establishments and the business sector. The Faculty of Veterinary has agreed to assign Prof. Afrim Hamidi as an Intern Coordinator who will work in close cooperation with KPEP and KPEP contractor in order to implement the Dairy Internship program from which 10 students of Vet Faculty will benefit. The project will last six months.

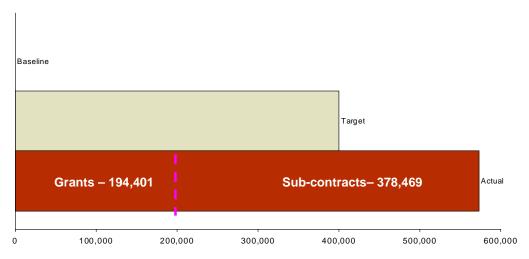
Data Source: Data received from sector specialists and WFD team.

Strategic Activities Fund

Indicator: Number of grants/sub-contracts



Indicator: Value of grants and sub-contracts



Definition of the indicator(s): Number and value of grants and subcontracts awarded. Data Source: Data received from SAF specialist.

Annex 2. PMP Report - Annual Goals and Results

SO# IR#	SO Name	Unit measure	Base-line Year	Base-line Value	2009 Target	2009 Actual	2010 Target	2010 Actual	2011 Target	2011 Actual	2012 Target	2012 Actual
1.3	Accelerated Growth of Private Sector	or										
Indicators												
1 (AR)	Exports as % of imports, by sector	Percent	2008	10.2%	11.0%	7.5%	11.5%	0.0%	12.0%	0.0%	13.0%	0.0%
2	Foreign direct investment, by sector	Thousand Euros	2008	357,400	430,000	250,180	451,000	0.0	475,000	0.0	500,000	0.0
3	Value of sales, by sector	Thousand Euros	2008	4,418,000	4,900,000	4,552,795	5,400,000	0	6,000,000	0	6,700,000	0
4	Number of people employed, by sector	Number	2008	481,000	488,000	495,376	512,000	0	523,000	0	534,000	0
1.3.1	Increased Competitiveness of Key Sectors											
Indicators												
1	Increase in sales in target sectors	Euros	2008	57,395,140	8,000,000	13,177,698	20,000,000	0	40,000,000	0	50,000,000	0
	% increase in sales over current baseline	Percent	2008	0	13.9%	23.0%	34.8%	0.0%	69.7%	0.0%	87.1%	0.0%
2	Increase in investments in target sectors	Euros	2008	0	3,200,000	9,570,686	8,000,000	0	16,000,000	0	20,000,000	0
3 (AR)	Increase in jobs created in target sectors	Number	2008	1,099	800	293	2,000	0	4,000	0	5,000	0
4	Number of enterprises assisted in target sectors	Number	2008	36	61	47	85	0	110	0	140	0
5	Number of new start-ups in target sectors	Number	2008	0	7	448	12	0	16	0	20	0
6	Number of partnerships	Number	2008	0	10	213	17	0	26	0	34	0
7	Number of entrepreneurs receiving services supported by USAID	Number	2008	0	0	496	TBD	0	TBD	0	TBD	0

1.3.2	Improved and Demand Driven Busin	ness Support	Services				ı					
Indicators												
1	Number of enterprises and associations providing business support services	Number	2008	11	20	15	30	0	35	0	40	0
2	Increase of sales among BSPs	Euros	2008	734,281	40,000	236,566	110,000	0	150,000	0	200,000	0
3	Increase in jobs created among USAID supported BSPs	Number	2008	57	8	23	18	0	31	0	36	0
4	Progress on the Association Development Index	Median score	2008	1.59	1.60	1.65	1.70	0.00	1.90	0.00	2.00	0.00
5	Number of consultants trained/certified to provide business support service	Number	2008	0	70	19	150	0	240	0	300	0
1.3.3	1.3.3 Improved Business Operating Conditions											
Indicators												
1	Progress on the Business Environment Index (BizCLIR)											
1.1	Contracts	Percent	2008	18%	25%	0%	32%	0%	40%	0%	50%	0%
1.1.1	Supporting Institutions (B.3)	Percent	2008	10%	15%	0%	19%	0%	24%	0%	30%	0%
1.1.2	Social Dynamics (B.4)	Percent	2008	26%	35%	0%	44%	0%	55%	0%	69%	0%
1.2	International Trade	Percent	2008	34%	41%	0%	49%	0%	59%	0%	70%	0%
1.2.1	Legal Framework (H.1)	Percent	2008	41%	45%	0%	53%	0%	63%	0%	74%	0%
1.2.2	Implementing Institutions (H.2)	Percent	2008	27%	40%	0%	47%	0%	56%	0%	65%	0%
1.2.3	Supporting Institutions (H.3)	Percent	2008	35%	40%	0%	47%	0%	56%	0%	65%	0%
1.2.4	Social Dynamics (H.4)	Percent	2008	34%	40%	0%	50%	0%	62%	0%	76%	0%

1.3	Foreign direct investment, by sector	Percent	2008	40%	48%	0%	52%	0%	55%	0%	60%	0%
1.3.1	Legal Framework (K.1)	Percent	2008	43%	45%	0%	49%	0%	52%	0%	57%	0%
1.3.2	Implementing Institutions (K.2)	Percent	2008	36%	45%	0%	49%	0%	52%	0%	57%	0%
1.3.3	Supporting Institutions (K.3)	Percent	2008	54%	60%	0%	65%	0%	70%	0%	76%	0%
1.3.4	Social Dynamics (K.4)	Percent	2008	28%	40%	0%	43%	0%	47%	0%	50%	0%
2	Progress on the policy index	Percent	2008	0	70%	72%	TBD	0	TBD	0	TBD	0
1.3.4	1.3.4 Improved Capacity of the Workforce to Engage in Employment Opportunities											
Indicators												
1	The number of individuals trained through USAID sponsored training	Number	2008	0	700	1,620	1,400	0	2,500	0	3,000	0
2	Number of training certifications	Number	2008	0	80	0	160	0	275	0	325	0
3	Number of program participants that obtain employment	Number	2008	0	TBD	0	20	0	100	0	150	0
4	Number of individuals provided with services	Number	2008	0	800	7,326	1,600	0	3,500	0	4,000	0
5	Number of internships	Number	2008	0	3	33	6	0	8	0	10	0
6	Number of partnerships	Number	2008	0	15	6	30	0	40	0	50	0
	Strategic Activities Fund											
Indicators												
1	Number of grants/sub-contracts	Number	2008	0	20	39	45	0	70	0	90	0
2	Value of grants and sub-contracts	Euros	2008	0	400,000	572,870	1,600,000	0	2,600,000	0	2,900,000	0

Annex 3. PMP Report - Summary of Quarterly Results

SO# IR#	SO Name	Unit measure	Base- line Year	Base-line Value	2009 Target	Q1 2009 Actual	Q2 2009 Actual	Q3 2009 Actual	Q4 2009 Actual	2009 To Date
1.3	Accelerated Growth of Private Sector									
Indicators						ı				
1 (AR)	Exports as % of imports, by sector	Percent	2008	10.2%	11.0%	7.0%	6.8%	8.0%	8.4%	7.5%
2	Foreign direct investment, by sector	Thousand Euros	2008	357,400	430,000	0	0	0	250,180	250,180
3	Value of sales, by sector	Thousand Euros	2008	4,418,000	4,900,000	1,440,900	879,697	1,123,819	1,108,379	4,552,795
4	Number of people employed, by sector	Number	2008	481,000	488,000	0	8,188	4,031	2,157	495,376
1.3.1	3.1 Increased Competitiveness of Key Sectors									
Indicators										
1	Increase in sales in target sectors	Euros	2008	57,395,140	8,000,000	0	-1,768,236	14,506,658	439,276	13,177,698
	% increase in sales over current baseline	Percent	2008	0	13.9%	0.0%	-16.9%	65.0%	23.0%	23.0%
2	Increase in investments in target sectors	Euros	2008	0	3,200,000	0	3,022,465	3,595,204	2,953,017	9,570,686
3 (AR)	Increase in jobs created in target sectors	Number	2008	1,099	800	0	-80	175	198	293
4	Number of enterprises assisted in target sectors	Number	2008	36	61	0	36	6	5	47
5	Number of new start-ups in target sectors	Number	2008	0	7	0	0	0	448	448
6	Number of partnerships	Number	2008	0	10	0	0	0	213	213
7	Number of entrepreneurs receiving services supported by USAID	Number	2008	0	0	0	0	0	496	496

1.3.2	Improved and Demand Driven Business Support Serv	/ices			1					
Indicators										
1	Number of enterprises and associations providing business support services	Number	2008	11	20	0	11	4	0	15
2	Value of sales among BSPs	Euros	2008	734,281	40,000	0	76,295	69,476	90,795	236,566
3	Increase in jobs created among USAID supported BSPs	Number	2008	57	8	0	4	23	-4	23
4	Progress on the Association Development Index	Median score	2008	1.59	1.60	0.00	0.00	0.00	0.00	1.65
5	Number of consultants trained/certified to provide business support service	Number	2008	0	70	0	19	0	0	19
1.3.3 Improved Business Operating Conditions										
Indicators										
1	Progress on the Business Environment Index (BizCLIR)									
1.1	Contracts	Percent	2007	18%	25%	0	0	0	0	0
1.1.1	Supporting Institutions (B.3)	Percent	2007	10%	15%	0	0	0	0	0
1.1.2	Social Dynamics (B.4)	Percent	2007	26%	35%	0	0	0	0	0
1.2	International Trade	Percent	2007	34%	41%	0	0	0	0	0
1.2.1	Legal Framework (H.1)	Percent	2007	41%	45%	0	0	0	0	0
1.2.2	Implementing institutions (H.2)	Percent	2007	27%	40%	0	0	0	0	0
1.2.3	Supporting Institutions (H.3)	Percent	2007	35%	40%	0	0	0	0	0
1.2.4	Social Dynamics (H.4)	Percent	2007	34%	40%	0	0	0	0	0

1.3	Foreign direct investment, by sector	Percent	2007	40%	48%	0	0	0	0	0
1.3.1	Legal Framework (K.1)	Percent	2007	43%	45%	0	0	0	0	0
1.3.2	Implementing institutions (K.2)	Percent	2007	36%	45%	0	0	0	0	0
1.3.3	Supporting Institutions (K.3)	Percent	2007	54%	60%	0	0	0	0	0
1.3.4	Social Dynamics (K.4)	Percent	2007	28%	40%	0	0	0	0	0
2	Progress on the policy index	Percent	2008	0	70%	0	17%	19%	36%	72%
1.3.4 Improved Capacity of the Workforce to Engage in Employment Opportunities										
Indicators										
1	The number of individuals trained through USAID sponsored training	Number	2008	0	700	207	560	647	206	1,620
2	Number of training certifications	Number	2008	0	80	0	0	0	0	0
3	Number of program participants that obtain employment	Number	2008	0	TBD	0	0	0	0	0
4	Number of individuals provided with services	Number	2008	0	800	0	0	26	7,300	7,326
5	Number of internships	Number	2008	0	3	0	0	33	0	33
6	Number of partnerships	Number	2008	0	15	0	0	1	5	6
	Strategic Activities Fund									
Indicators										
1	Number of grants/sub-contracts	Number	2008	0	20	0	2	11	26	39
2	Value of grants and sub-contracts	Euros	2008	0	400,000	0	12,978	111,458	448,434	572,870

Annex 4. Quarterly dashboard

Component/Sector	Objectives and activities from the work plan	STATUS					
I. COMPONENT	1: INCREASED COMPETITIVENESS OF KEY SECTORS						
A. TRANSFOI	RMATIONAL SECTORS						
	DR: AGRICULTURE						
1.1.	SUB-SECTOR: DAIRY						
	Objective 1: Improve raw milk quality						
	Activity 1: Dairy marketing strategy	COMPLETED					
	Activity 2: Dairy internship program with the University of Pristina	ONGOING					
	Objective 2: Improve product quality, formulation, and processes						
	Activity 1: Technical assistance to Bylmeti to develop a yogurt product for ETC	COMPLETED					
	Activity 2: Dairy technology short course	COMPLETED					
	Activity 3: New white cheese formulation	COMPLETED					
	Objective 3: Improve packaging						
	Activity 1: Conduct an investment seminar on dairy/food packaging	ONGOING					
	Objective 4: Respond to requests from local clients to meet specific needs aimed at achieving significant and tangible results	1					
	Activity 1: Dairy product specifications development for Ministry of Agriculture, Forestry and Rural Development (MAFRD)	COMPLETED					
	Activity 2: Training in food safety	CANCELLED					
	Activity 3: Policy options to dairy subsidies paid in exported countries	COMPLETED					
1.2 \$	SUB-SECTOR: VEGETABLES						
	Objective 1: Penetrating regional markets for peppers and potatoes						
	Activity 1: Identify potential buyers of vegetables in Albania, Macedonia and Montenegro						
	Activity 2: Assist the Perdrini Association to develop an MOU to be signed by members of the Association to commit to supply the volume and quality of peppers to be delivered to the	COMPLETED					

	Macedonia and Albania markets	
	Activity 3: Provide training to Perdrini Association agronomists to monitor peppers for quality control and yield	ONGOING
	Activity 4: Continue to identify new markets for peppers and potatoes	ONGOING
	Activity 5: Provide Hazard Analysis and Critical Control Points (HACCP) design assistance to Etlinger processing facility	COMPLETED
	Activity 6: Conduct vegetable pre-harvest conference in early June	COMPLETED
Obj	ective 2: Develop vegetable infrastructure through collection centers	
	Activity 1: Develop a business model and investment profile of collection centers	COMPLETED
	Activity 2: Study tour of vegetable collection centers to Macedonia and Albania	COMPLETED
	Activity 3: Promote vegetable collection centers as an investment opportunity	ONGOING
Obj	ective 3: Improved vegetable varieties field trials	
	Activity 1: Conduct pepper variety trials and field days	COMPLETED
	Activity 2: Conduct white bean trials and field days	COMPLETED
1.3. SUB	S-SECTOR: NON-WOOD FOREST PRODUCTS	
Obj	ective 1: Identify new markets for non-wood forest products (NWFP)	
	Activity 1: Develop a non-wood forest product inventory and action plan development for penetrating new markets	COMPLETED
	Activity 2: Study tours Bulgaria and Serbia	BULGARIA- COMPLETED, SERBIA- CANCELLED
	Activity 3: Conduct a pre-harvest conference	COMPLETED
	Activity 4: Attend as observers to the New York Fancy Food Show	COMPLETED
	Activity 5: Develop a Good Agricultural Practices (GAP) manual and train collectors on its use	MOVED TO YEAR 2
	Activity 6: Audit for HACCP and organic certification	HACCP- COMPLETED/ ORGANIC-SCHED. YEAR 2

2.1. SUB-SECTOR: ROAD CONSTRUCTION	
Objective 1: Improve Local Road Design Capability	
Activity 1: Liaison with GOK on the need to specify investments according to standards	nternational COMPLE
Activity 2: Organize study tour to Slovenia for GOK and private sector stakel	ders COMPLE
Activity 3: Road Design Training Needs Assessment	PARTIEA COMPLE
Objective 2: Upgrade the Skills of Construction Workers	
Activity 1: Needs assessment for heavy equipment operators training program	COMPLE
Activity 2: Heavy equipment operator survey	COMPLE
Activity 3: Determine feasibility and support for Heavy Equipment Operator	nining Center COMPLE
Activity 4: Study tour to US to observe operations of heavy equipment operations	s training center COMPLE
Activity 5: Identify providers of training for construction workers, including equipment operators, and crew supervisors	orers, heavy COMPLE
2.2. SUB-SECTOR: CONSTRUCTION MATERIALS	
Objective 1: Improve Architectural Design and Engineering Services	
Activity 1: Consider changes to legislation necessary to regulate services provand engineers, and recommend improvements	ed by architects ONGOI
Activity 2: Prepare a training and certification SOW to improve design and en and contract for STTAs services	neering services ONGOI
Activity 3: Agree on Training Center premises; prepare budget for the progra	CANCEL
Activity 4: Awareness building with local insurance firms and banks	COMPLE
Objective 2: Develop Workforce Skills in the Improved Manufacture of Concrete	
Activity 1: Develop training programs for concrete plant operations, maintenance personnel, and contract for his/her services	e and supervisory CANCEI
Activity 2: Ensure EN standards for concrete are being incorporated in buildi	specifications COMPLE
Activity 3: Develop training programs, engage trainers, and deliver training	CANCEI
Objective 3: Demand driven activities not included in the Year 1 Work Plan	

	Activity 1: Linkages with local producers	COMPLETED				
	Activity 2: Determine needs for construction materials sector	COMPLETED				
	Activity 3: Facilitate Public/Private sector dialog	COMPLETED				
3. SECT	OR: FORESTRY AND WOOD PRODUCTS					
3.1	SUB-SECTOR: FORESTRY					
	Objective 1: Improve Forestry Management Practices					
	Activity 1: Provide support to the National Forestry Working Group and development of the national forestry strategy for FSC certification of forests	ONGOING				
	Activity 2: Provide technical assistance and training to MAFRD and KFA in auditing forest management plans and compliance with FSC certification					
	Objective 2: Improve the forest tendering process for public land logging					
	Activity 1: Design a pilot forest tendering process	ONGOING				
	Activity 2: Develop a model long term timber agreement consistent with the new law on public/private partnerships	ONGOING				
	Objective 3: Undertake a biomass study to identify opportunities					
	Activity 1: Conduct a biomass study	MOVED TO YEAR 2				
3.2	SUB-SECTORS: WOOD PRODUCTS					
	Objective 1: Developing new markets and new driven products of international quality standards					
	Activity 1: Improve management of drying kilns	COMPLETED				
	Activity 2: Improve furniture design	ONGOING				
	Activity 3: Prepare for the Ligna Fair in coordination with GTZ	COMPLETED				
	Activity 4: Identify potential market opportunities	ONGOING				
	Activity 5: Implementation of "from log yard to market" improvements at major wood processors	COMPLETED				
	Activity 6: Support the AWPK to conduct Natyra 2009 Fair, an exposition of Kosovo wood products	COMPLETED				
	Activity 7: New product development	ONGOING				

	Objective 2: Improve capacity of the Association of Wood Processors in Kosovo (AWPK) to provide	
	member services such as training and advocacy	
	Activity 1: AWPK has worked with the Kosovo Standards Agency to adopt 46 EU wood industry standards	COMPLETED
	Activity 2: AWPK managed Natyra 2009 Fair	COMPLETED
	Activity 3: participation in Ligna Fair, Hanover, Germany	COMPLETED
	Activity 4: Kosovo Standards Agency with AWPK is in the process of establishing at wood industry standards committee	ONGOING
	Activity 5: AWPK is preparing to present its members' products at the Tirana Wood Products Fair in September	ONGOING PREPARATION
B. TRANSACT	TIONAL SECTORS	
1. SECTO	OR: INFORMATION AND COMMUNICATION TECHNOLOGY	
<u>-</u>	Objective 1: Improve product development, marketing and sales capabilities, and market linkages	
	for selected firms	
	Activity 1: ICT Sales Boot Camp	COMPLETED
	Activity 2: IBM's Signature Selling Method Workshop	CANCELLED
	Activity 3: Kosovo-Macedonia B2B Event	CANCELLED
	Activity 4: Kosovo-Albania B2B Event	ONGOING
	Activity 5: Attendance at Systems 2010	CANCELLED
	Activity 6: Industry Solutions	CANCELLED
	Activity 7: Attendance to Call Center World Berlin	CANCELLED
	Activity 8: Work with RCI on IT mark	CANCELLED
	Activity 9: Online marketing services for Kosovo tour packages, tourist experiences and products	ONGOING
	Activity 10: Call center research	ONGOING
	Objective 2: Improve workforce skills in ICT sector	
	Activity 1: ICT vendor certification	ONGOING
	Activity 2: PMP certification	ONGOING
	Objective 3: Strengthen ICT Association	

Activity 1: Supply-Demand Survey	ONGOING
Activity 2: Design and production of promotional materials for ICT Fair	COMPLETED
Activity 3: Develop by-laws and procedures	ONGOING
Activity 4: Support ECDL training and national operator's concept through the ICT Association	ONGOING
Objective 4: Improve legal and regulatory environment for ICT sector	
Activity 1: Develop Internet exchange point	ONGOING
Activity 2: Support .ks domain name	ONGOING
SECTOR: TOURISM	
Objective: Increase sector revenue through exports (tourist arrivals) including increased spending by the local international community, increased domestic sales (local tourists) and foreign or domestic investment into the sector	
Activity 1: Identify an institutional counterpart	COMPLETED
Activity 2: "Stay the Weekend – Experience Kosovo" Travel Day Fair	COMPLETED
Activity 3: 'A Taste of Kosovo' Restaurant Tour & Tourism Promotion	CANCELLED
Activity 4: Be on the lookout for foreign investment opportunities	ONGOING
Activity 5: Developing the knowledge of 'Stay the Weekend – Experience Kosovo' travel tour suppliers to maximize marketing and promotion efforts and sales	ONGOING
Activity 6: "Join us for the Weekend – Experience Kosovo" promotion event in Albania	COMPLETED
Activity 7: "Stay the Weekend – Experience Peja" Street Fair	COMPLETED
. SECTOR: RECYCLING	
Objective: Develop a sustainable pilot project for PET recycling to demonstrate the financial and other benefits of recycling as well as to identify foreign direct investment (FDI) to improve conditions and long-term success of the sector	
Activity 1: Identify potential opportunities to increase recycling and generate public support	ONGOING
Activity 2: Identify opportunities to collaborate and cooperate with other projects and other donors	ONGOING
Activity 3: Develop and implement action plan	POSTPONED FO YEAR 2
4. SECTOR: FABRICATED METALS AND AUTO PARTS	

	Objective: Provide targeted technical assistance and support services to producers of metal products and auto parts to maximize ROI		
	Activity 1: Identify GTZ involvement in Fabricated Metals and look for opportunities to provide complimentary support	ONGOING	
	Activity 2: Review of existing auto parts industry and potential to link to regional automobile manufactures	ON HOLD	
5. SECTO	DR: DECORATIVE STONE		
	Objective: Better understand the potential and operating environment for the sector and be able to quickly move to support potential investment opportunities as needed		
	Activity 1: Stay abreast of sector developments via media reports, local industry records, systematic contacts with quarry and stone/ceramic fabrication enterprises, and flash surveys	ON HOLD	
	Activity 2: Pinpoint opportunities for FDI and keep abreast of investment activities	ONGOING	
II. COMPONEN	T 2: BUSINESS SUPPORT SERVICES		
	Objective 1: Support KPEP target sectors through the development of technical service providers		
	Activity 1: Support sectors in identifying local service providers	ONGOING	
	Objective 2: Build the capacity of Kosovo business services providers to better meet the consulting and support service needs of the Kosovo private sector		
	Activity 1: "Kosovo Premier Advisors" training for potential trainers and others	COMPLETED	
	Activity 2: Implement/continue KPA based on feasibility study completed by participants in pilot training	UNDER REVIEW	
	Activity 3: Develop training skills training program for subject matter experts and freelance consultants in cooperation with local training company and pilot (offering to be continued by local firm)	ONGOING	
	Activity 4: Develop consulting skills training program for subject matter expects and solo consultants and conduct two pilots, lawyers and consultants	COMPLETED	
	Activity 5: Support management consultants in pursuit of international certification (CMC) in collaboration with TAM-BAS program	ONGOING	

	Objective 3: Enhance the ability of associations to advocate for, communicate to and market their associations and members	
	Activity 1: Administer Association Development Index for the project baseline	COMPLETED
	Activity 2: Develop trade fair manual and participation training program that prepares companies to be visitors or exhibitors at international trade fairs and partner with local firms	COMPLETED
	Activity 3: Develop and deliver training to associations which participated in the Association Development Index; Develop a course which focuses on "Association Fundamentals"	ONGOING
	Activity 4: Support associations from KPEP's identified transformational sectors to advocate and lobby for key policy issues in their sectors	ONGOING
III. COMPONE	NT 3: BUSINESS ENABLING ENVIRONMENT	
	Objective 1: Support KPEP target sectors through the achievements in the Business Enabling Environment	
	Activity 1: Assist in resolving the potato revaluation issue on potatoes exported from Kosovo to Albania	COMPLETED
	Activity 2: Review and commentary on Draft Food Law	COMPLETED
	Activity 3: Review and commentary on Draft Construction Law	COMPLETED
	Activity 4: Draft recommendations on Architect and Engineer Licensing regime	COMPLETED
	Activity 5: Draft recommendations in collaboration with AWPK on discontinuation of certain import tariffs	COMPLETED
	Activity 6: Review of overlapping laws in forestry sector	COMPLETED
	Activity 7: Review and commentary on draft Law on State Domain and made recommendations on alternatives	ONGOING
	Activity 8: Commentary and recommendations on amendments to draft law on Tourism. Recommended private sector stakeholder consultation	ONGOING

Activity 9: Review of Laws and Regulations related to Recycling – E.g., Collection and Transport of Waste.	COMPLETED
Activity 10: Commentary and recommendations on amendments to draft law on Tourism. Recommended private sector stakeholder consultation	ONGOING
Activity 11: Review of Laws and Regulations related to Recycling – E.g., Collection and Transport of Waste	COMPLETED
Objective 2: Facilitate improvement in competitiveness indicators through targeted achievements in the Business Enabling Environment	1
Activity 1: Update the 2007 Commercial Legal Institutional Reform (CLIR) Kosovo Indicators	COMPLETED
Activity 2: Complete the first stage of contracting capacity building programming by drafting several contracting "briefers" as a part of materials for trade show participants	COMPLETED
Activity 3: Support opportunities for Public-Private Partnership	ONGOING
Activity 4: Implement Business Consultant Training Program in collaboration with the KPEP BSS Component and ABA-CEELI	COMPLETED
Activity 5: Organize Legal Ethics Roundtable for lawyers with Judge Advocate General (JAG) team from Bondsteel	COMPLETED
Activity 6: First draft of the Legislative Intervention Roadmap and Advocacy Strategy	COMPLETED
Objective 3: Assist key public and private entities to understand rights and obligations under existing bilateral and regional trade agreements, comply with the terms of such agreements, and be able to assert and defend rights and privileges created by the agreements	1
Activity 1: CEFTA related work	ONGOING
Objective 4: Support increased foreign direct investment	
Activity 1: Foreign Direct Investment Workshop	COMPLETED
Activity 2: Investment briefs prepared for high prospect local firms	ONGOING
Activity 3: Identify and network with potential investors particularly from the diaspora community	ONGOING
Activity 4: Support for potential investor from Wisconsin	ONGOING

	WORKFORCE DEVELOPMENT	
Object	tive 1: Support KPEP sectors to create effective training/other programs	
	Activity 1: Dairy internship program	COMPLETE
	Activity 2: Feasibility study for internship program with Road Construction Assoc. and Kosova	UNDER
	Assoc. of Architects	DEVELOPME
	Activity 3: Job Fair in Peja with wood and furniture-related firms	COMPLETE
	Activity 4: ICT Job Fair with ICT Companies	PLANNING
	Activity 5: KAG Asphalt scholarship program	COMPLETE
	Activity 6: Training in Kiln drying for wood used in furniture construction	COMPLETE
Object	tive 2: Institutionalize training and other programs which will increase capacities of	
workf	orce development	
	Activity 1: Initial discussion for Curriculum development for secondary level students in furniture design	UNDER DEVELOPME
	Activity 2: Initial discussion for including HACCP course into curriculum for secondary level of agricultural school	UNDER DEVELOPME
	Activity 3: Initiating ICT Vendor training certification program about Linux, MySQL, Apache, PHP	ONGOING
	Activity 4: Assessing possibilities for International Certification Program for Welding and other technologies with KEK Training Center	ONGOING
Object	tive 3: Improve training programs to be more practical and experiential	
	Activity 1: Support the Business Case Challenge	COMPLETE
	Activity 2: Conduct pilot business and economics internship program	COMPLETE
Object	tive 4: Assist selected training/other institutions to improve service offering	
<u> </u>	Activity 1: Job Fair for Carpentry VET and Marketing for Carpentry VET in Peja	COMPLETE
	Activity 2: Conduct feasibility study for creation of YES Center Network	PLANNED
Object	tive 5: Increase entrepreneurial skills of youth	
	Activity 1: Entrepreneurship training program in two pilot municipalities	ONGOING

USAID Kosovo Private Enterprise Program (KPEP)
Annex



Progress toward achieving results satisfactory Some issues, problems or concerns Serious issues; achievement of results in doubt Delayed, under review or dropped